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BUDGET

1995-96

SPEECH OF

MINISTER FOR FINANCE

Dr. V. R. NEDUNCHEZHIYAN

Panguni 8, Thiruvalluvar Era 2026
22nd March 1995

Speech of Dr. V.R. Nedunchezhiyan, Minister for Finance, Government of Tamil Nadu, presenting the Budget for 1995-96 to the Legislative Assembly on 22nd March 1995.

Hon'ble Speaker Sir,

It is my pleasure and privilege to place the Revised Estimates for 1994-95 and the Budget Estimates for 1995-96 before this House for its approval.

இயற்றலும் ஈட்டலும் காத்தலும் காத்த
வகுத்தலும் வல்ல தரசு

A King is he who treasures resources, stores up, defends,
And duly for his Kingdom's weal expends.

A true leader is one who mobilises resources, conserves these resources, safeguards them and utilizes them wisely for the welfare of the people. These are the timeless principles of governance enumerated by Saint Thiruvalluvar which are relevant even today.

The Hon'ble Chief Minister Puratchi Thalaivi Dr.J.Jayalalitha has, since assuming office, followed steadfastly this path shown by Saint Thiruvalluvar. The people of Tamil Nadu stand fully behind the Hon'ble Chief Minister, who has worked tirelessly to give Tamil Nadu an excellent administration. Our Hon'ble Chief Minister Dr. Puratchi Thalaivi by her foresight, dynamism and energetic championship of the cause of the poor and downtrodden, stands tall as an outstanding statesman of the country. The principles of democratic governance enumerated by Perarignar Anna and the humanist and people oriented programmes implemented by Ponmana Chemmal Dr.M.G.R., form the bedrock on which this Government headed by the Hon'ble Chief Minister Puratchi Thalaivi Dr.J.Jayalalitha has built up a splendid administration worthy of emulation in the country.

2. This splendid edifice of growth and development has been possible in Tamil Nadu only because the base, namely the perfect

maintenance of law and order has been ensured. The threat posed by foreign militants and extremists has been totally rooted out. Tamil Nadu remains an outstanding example of communal harmony and social cohesion, thanks to the positive and affirmative action taken by this Government. It is on this firm foundation that accelerated economic development has been possible. I wish to highlight the fact that the perfect maintenance of law and order in Tamil Nadu makes it easily one of the best administered States in the country.

3. This Government assumed office in June 1991 when the nation was engulfed by an economic crisis of unprecedented magnitude. The overall economic situation of the country today has no doubt improved, but there are disturbing signs about which the Centre would do well to take adequate action. **In particular, it needs to be highlighted that the instruments of macro economic management are totally with the Centre. It is therefore the bounden duty of the Centre to ensure that prices are held in check.** We are greatly concerned that the Centre should take adequate steps to curb the increase in prices. In his recent budget speech the Union Finance Minister has indicated that in the coming year the Centre will use all instruments available to ensure stability in prices of wheat, rice and edible oils. We would like to urge the Centre to act effectively, utilising the foreign exchange reserves, without delay to keep prices of essential commodities in check. **The Centre should totally commit itself to the control of inflation.**

4. The Union Finance Minister in his recent budget speech has mentioned about a two - track economic strategy - of accelerating growth, investment and modernisation on the one track and strengthening anti-poverty programmes on the other. We are glad that the Centre has at last recognised the need for placing the well being of the poor as the main item on the economic agenda. This Government has always repeatedly emphasised the need for protecting the poor and the downtrodden in the wake of the new economic policies. The Hon'ble Chief Minister Puratchi Thalaivi Dr.J.Jayalalitha in every address before the National Development Council has cautioned the Centre against increases in issue prices of rice in the Public Distribution System. She has insisted that the issue prices in the Public Distribution System should not be increased. Unfortunately, even in the recent Union Budget there is no categorical assurance that the issue prices in the Public Distribution System will not be increased. **This Government would like to insist that there be no further increase by the Centre in the prices of rice in the Public Distribution System.** We have done our utmost to protect the poor despite severe

financial difficulties. The amount provided for food subsidy has gone up from Rs.105 crores in 1990-91 to Rs.440 crores in the Revised Estimates for 1994-95. In addition, in 1994-95 we have provided Rs.75 crores to clear the arrears on food subsidy relating to previous years. The food subsidy provided by this Government will be Rs.450 crores in the Budget Estimates for 1995-96. **We have requested that an early meeting of the National Development Council be convened to consider the issue price of rice in the Public Distribution System so as to benefit the poor. Without waiting for this, we have decided to bring down the price of rice in the Public Distribution System by Re.1 per kg for all varieties of rice. Accordingly, from 1st April 1995 the price of common rice will come down from Rs 3.50 per kg to Rs 2.50 per kg, and for fine and super fine rice from Rs 4.75 per kg to Rs 3.75 per kg. The food subsidy will therefore go up by an additional amount of Rs 150 crores to a total of Rs 600 crores. This is clear proof of this Government's commitment to protect the poor and the downtrodden from the rigours of price increase.**

5. We have consistently maintained that in consonance with our philosophy of a strong Union and prosperous autonomous States, the Constitution would need appropriate changes to ensure that all the powers to safeguard and protect the sovereignty of the nation are with the Union while the powers and responsibilities for growth and welfare remain with the States. We shall continue to maintain this stand. Recent economic trends indicate that apart from national and internal security, it is in the social sectors that the Government's role has become even more important. Consistent with this trend, there should be a definite shift of resources in favour of the States.

TENTH FINANCE COMMISSION

6. Unfortunately the report of the Tenth Finance Commision which has recently been tabled in Parliament together with the explanatory memorandum on the action taken by the Central Government has completely belied our hopes of a more equitable pattern of Centre - State fiscal relations consistent with the pronounced shift in responsibilities towards the States. The Tenth Finance Commission has done virtually nothing towards improvement in the overall resources position of the States. The overall share of the States in Union Excise Duties has been increased from 45% to 47.5%. At the same time the share of the States in Income Tax has been decreased from 85% to 77.5%. The net result is that

there is virtually no increase in the overall share of the States. This is indeed most disappointing.

7. It may be recalled that when the Tenth Finance Commission visited the State in May 1994, the Hon'ble Chief Minister Puratchi Thalaivi Dr. J. Jayalalitha insisted that while the share of the States in Income Tax could be retained at 85%, the share of the States in Union Excise Duties should be **stepped up to 60% from the present level of 45%.** The Hon'ble Chief Minister Puratchi Thalaivi Dr. J. Jayalalitha also made a responsible suggestion that the step up in the States' share of Union Excise Duties from 45% to 60% could be done gradually from 45% to 52.5% in the period 1995-97 and moved up to 60% in the last 3 years between 1997 and 2000. She had also requested that there should be no separate earmarking for deficit States in the transfer under Excise Duties and the needs of deficit States should be taken care of through grants under Article 275(1). The Tenth Finance Commission has earmarked 7.5% out of the total of 47.5% under Excise Duties for deficit States. It is indeed distressing that the Tenth Finance Commission has merely maintained status quo in the matter of overall transfers to the States. We are left to wonder whether the Tenth Finance Commission has done any justice at all to the States.

8. The Tenth Finance Commission has also suggested an alternative scheme of devolution of resources to take effect from 1st April 1996 under which it has recommended that the share of the States in the gross receipts of Central taxes shall be 26%. In addition, it has recommended that the Additional Excise Duties be merged with Basic Excise Duties and after doing so an additional 3%, making a total of 29%, could be given to the States. It has recommended that these shares of 26% and 3% respectively should be suitably provided for in the Constitution and reviewed once in 15 years. The Central Government has not made any commitment regarding this alternative scheme of devolution. The implementation of this suggestion of the Tenth Finance Commission will require Constitutional amendments. It should be noted that the States' share reached the level of 26% in 1980-81 and the level in 1994-95 is 25.15%. In respect of the second component of 3%, a level of 2.94% was reached in 1980-81 and in 1994-95 the States'share is 3.02%. It is clear that in this alternative scheme virtually the current level of devolution is being retained with no change if we take note of the fact that certain taxes under Article 269 are also to be brought into the divisible pool. This recommendation will only divert attention from addressing a key issue raised by the States namely, that the States should be given a share in

Corporation Tax. It is only in respect of Corporation Tax that the States have repeatedly insisted that a share should be given to them.The Hon'ble Chief Minister Puratchi Thalaivi Dr. J. Jayalalitha had highlighted this before the Tenth Finance Commission and requested that a specific recommendation may be given by the Tenth Finance Commission that 20% of Corporation Tax should be given to the States.

9. The alternative scheme of devolution proposed by the Tenth Finance Commission is so far reaching and requiring so many Constitutional amendments that it would appear it may not be realised at all. It should be remembered that in respect of Consignment Tax even after a Constitutional amendment the Centre has not implemented the same. The legitimate demands of the States for a share in Corporation Tax, as endorsed by the Sarkaria Commission on Centre - State relations, have quietly been put aside by the Tenth Finance Commission, linking it to the alternative scheme. We would urge the Centre to state its position on the alternative scheme of devolution or otherwise, immediately give a share in Corporation Tax to the States.

10. I have so far mentioned about the failure of the Tenth Finance Commission to do anything worthwhile in vertical transfers to the States. I would now like to refer to some issues relating to horizontal distribution between States. The Tenth Finance Commission has penalised those States which have been doing well. States like Maharashtra, Tamil Nadu, Gujarat and West Bengal have all been affected. Well managed and well run States have been dealt with harshly. This practice of penalising the well managed States by successive Finance Commissions has to stop.

11. The Tenth Finance Commission has adopted a common distribution formula for both Income Tax and Excise Duties among the States. Tamil Nadu has always received a higher share in Income Tax than in Union Excise Duties. Adoption of a common formula for the distribution of both Income Tax and Excise Duties has meant that Tamil Nadu's higher share in Income Tax has now been brought down to the same level as in the case of Excise Duties. In the new common formula of distribution, 20% is assigned on the basis of population in 1971, 60% on the basis of distance of per capita income, 5% on the basis of a new concept of "area", 5% on the basis of index of infrastructure and 10% on the basis of tax effort. This new formula assigns the highest share for the "distance of per capita income" criterion. The estimates used by the Tenth Finance Commission indicate that the Tamil Nadu's per capita income computed by the Central Statistical Organisation (CSO) is well

above the national average. In view of the higher weight for the distance of per capita income criterion, Tamil Nadu which is shown to have a higher per capita income as computed by the Central Statistical Organisation (CSO) has to make do with a lower share. We had argued before the Tenth Finance Commission very clearly about the flaws in the estimation of per capita income on a comparable basis by the CSO and the fact that current population was being used and not the 1971 population, as required under the terms of reference. This would only penalise States which had done well in population limitation. It would have been much wiser and more progressive for the Tenth Finance Commission to have gone by the 1992 report of the Union Planning Commission on poverty percentages. Although Tamil Nadu's per capita income may be shown to be above the national average, according to the estimates by an Expert Group of the Union Planning Commission, in the year 1987-88, Tamil Nadu had a higher percentage of poor than the national average. This fact has been missed out by the Tenth Finance Commission. We are also surprised that the Tenth Finance Commission should have chosen new criteria like area and infrastructure development ignoring a robust indicator like the economic backwardness index. This attempt to be original has only resulted in penalising States which have a high population density and which have already invested on infrastructure development. Overall the new distribution formula set out by the Tenth Finance Commission is quite disappointing.

12. In the distribution of Additional Excise Duties which is on a tax rental basis, the Tenth Finance Commission has once again, like the Ninth Finance Commission, erred in using the 1991 Census population. In our view this is not in consonance with the terms of reference.

13. The Tenth Finance Commission has also assessed the financial position of various States in the period 1995-2000 and then determined whether they need to be given special grants under Article 275(1) of the Constitution to bridge the deficit if any after devolution. Only Andhra Pradesh, Bihar, Goa, Orissa, Rajasthan and Uttar Pradesh among non special category States have been made eligble for a deficit grant. It may be recalled that when the Tenth Finance Commission visited Tamil Nadu on 30th May, 1994 the Chairman of the Commission indicated that Tamil Nadu's non-plan revenue account after devolution was showing a deficit. On the other hand, in its forecast for 1995-2000 the Finance Commission has held that Tamil Nadu has a surplus on the non-plan revenue account. In making its assessment of the financial position of the States for the period 1995-2000, the Tenth Finance Commission has been

very harsh. A very high level of revenue receipts has been assumed. At the same time in estimating the expenditure, the Tenth Finance Commission has been totally unrealistic. It has not taken into account at all the cost of implementing any future pay revision for Government employees. It has also suggested that food subsidy extended by the States should be phased out starting from 1995-96. Another disturbing feature is that the Tenth Finance Commission has completely disallowed the payment of cash subsidy by the Government to the Tamil Nadu Electricity Board towards the free supply of electricity for farm pumpsets. In addition, the Tenth Finance Commission has suggested that irrigation receipts should cover not only the operation and maintenance costs but also give a return of 1 per cent per annum on the capital invested. The result of this exercise has been to show a surplus in the case of Tamil Nadu after devolution of Central taxes on the revised basis. This makes Tamil Nadu ineligible for a grant under Article 275(1) and a share out of 7.5 per cent of Excise Duties reserved for deficit States.

14. Hon'ble Members of the House will have to take note of the fact that the Tenth Finance Commission has seriously under-estimated the expenditure needs of the State in the period 1995-2000 by arbitrarily cutting out food subsidy and completely eliminating subsidy for farm pumpsets. It has thus placed our State in a very difficult position.

15. This Government under the leadership of Puratchi Thalaivi Dr. J. Jayalalitha introduced prohibition immediately after assumption of office despite the severe loss of revenue. We had taken up the issue of compensating the States to the extent of 50 per cent of the loss of revenue on account of prohibition with the Government of India. The Government of India has however, indicated that the earlier scheme of compensation of the loss on account of prohibition has been withdrawn. We had taken up this issue with the Tenth Finance Commission and requested a specific recommendation for a grant to cover the loss of revenue on account of implementing prohibition which is a Directive Principle of State Policy under the Constitution. Unfortunately, the Tenth Finance Commission has brushed aside this request stating that the projections of revenue by the Commission have been made taking into account the effect of the prohibition policy of the State on its excise revenues. It is indeed strange that an argument like this has been extended by the Tenth Finance Commission. We had made a specific request for compensating the difference between what we would have received as revenue if prohibition were not in force and the amount actually realised. The Tenth Finance Commission has indicated that it can only take note of the present position

of lower revenue and cannot go into the question of compensation. Further, the revenue assumed by the Tenth Finance Commission for the year 1995-96 in the case of Tamil Nadu from State Excise Duties is Rs.687.84 crores, whereas even today we are only getting a lower revenue. This is indeed an extremely harsh treatment to the States which implement a prohibition policy.

16. Hon'ble Members of the House are aware of the problems posed to the State by repeated cyclones and floods. We have brought to the notice of the Tenth Finance Commission that the present annual level of contribution to the State Calamity Relief Fund of Rs.39 crores was inadequate and that a National Calamity Relief Fund should be created which could be accessed in the event of a severe calamity which is classified as a National Calamity. We had suggested that the Centre should contribute to the creation of the National Calamity Relief Fund. We had also indicated that given the recent experience of Tamil Nadu in calamity relief expenditure, the size of the Tamil Nadu Calamity Relief Fund should be stepped up to Rs.235 crores per annum, 80 per cent of which should be met by the Government of India and 20 per cent by the State. While we are glad that the idea of a National Calamity Relief Fund has been accepted, we are quite disappointed to see that the size of the Tamil Nadu Calamity Relief Fund has been stepped up from Rs.39 crores to just Rs.56.02 crores in 1995-96 going up progressively to Rs.68.63 crores in 1999-2000. It is strange that when we have incurred Rs.94.97 crores in 1992-93 and Rs.147.28 crores in 1993-94 on calamity relief, the Tenth Finance Commission has allowed a figure of just Rs.56.02 crores. While the constitution of a National Fund for Calamity Relief and the recommendation that a Sub-Committee of the National Development Council including five Chief Ministers should supervise the operations of this Fund are welcome, the requirement that the States should also contribute to the National Fund could have been avoided.

17. We had given our detailed suggestions on the need for substantial debt relief in view of the mounting debt burden of the State. Tamil Nadu's total debt as on 31st March 1995 is estimated by the Tenth Finance Commission at Rs.13,396.57 crores. We had suggested that the grant-loan mix of Central assistance be revised from 30:70 to at least 50:50. We had also suggested that the small savings loans, should be treated as loans in perpetuity. We had also requested that the States should be given small savings loan, equal to 90% of the net small savings collections and the rate of interest on small savings loans should be reduced. We had specifically requested that 50% of Central loans raised since 1989-90

may be consolidated as on 31st March 1995 and written off and a fresh interest rate of 8% be charged on the balance consolidated loan which would be made repayable after 2000.

18. The Tenth Finance Commission has not accepted these requests and has also turned down the request of the States to treat small savings loans as loans in perpetuity. A general debt relief scheme linked to fiscal performance of the States has been recommended by the Tenth Finance Commission. Under this, Tamil Nadu can expect a debt relief amount in the range of Rs.31.17 crores to Rs.62.34 crores for the 5 years, 1995-2000 depending on its fiscal performance. The Tenth Finance Commission has extended special debt relief to just 3 non-special category States and the special category States under high fiscal stress. Tamil Nadu is not included in this list. Obviously the scheme of debt relief is grossly inadequate and we are quite disappointed that a pressing problem has not at all been addressed adequately by the Tenth Finance Commission.

19. The Tenth Finance Commission has also introduced a new scheme of debt relief linked to the disinvestment of a State's equity in its public sector enterprises. The Tenth Finance Commission has suggested that it is necessary for all States to go in for a suitable disinvestment strategy in relation to State public sector enterprises. It has recommended that 20% of the aggregate equity in such enterprises should be disinvested and proceeds of such disinvestment should be utilised for repayment of the debt owed to the Central Government. It has suggested that if a State Government does so, the Central Government should as an incentive additionally write off debt equivalent to the amount disinvested by a State and paid back to the Centre. This is a new suggestion but it would appear that the Tenth Finance Commission has developed a strict norm for the States whereas in the case of the Centre's disinvestment from public sector enterprises, the proceeds have not been utilised to retire debt. It has been utilised to bridge the Centre's budget deficit. In the case of States, the Tenth Finance Commission wants the proceeds from disinvestment to be used to repay loans to the Centre. This is clearly an inequitable treatment. We would request that the debt relief scheme be applicable to the extent of disinvestment without insisting that it should be repaid to the Centre.

20. In allowing grants for the upgradation of district administration, the Tenth Finance Commission has provided only Rs.29.91 crores for Tamil Nadu out of the total amount of Rs.858.32 crores. The Tenth Finance Commission has allowed Rs.755.75 crores for the period

1995-2000 as grants for upgradation of primary education. Out of this amount Tamil Nadu has been given just Rs.10.94 crores. Out of Rs.1246 crores allotted for special problems, Tamil Nadu gets Rs.60 crores for slum improvement. Taken together, out of a total amount of Rs.2608.50 crores, Tamil Nadu's entitlement is just Rs.100.85 crores. Here again, Tamil Nadu suffers only because it has done well in all aspects of administration.

21. A good feature of the Tenth Finance Commission's recommendations relates to a specific recommendation of grants to local bodies. The Hon'ble Chief Minister Puratchi Thalaivi Dr.J.Jayalalitha made a specific request to the Tenth Finance Commission during its visit to Madras on 30th May 1994 for additional grants, as following the 73rd and 74th amendment to the Constitution, the States would need to devolve greater resources to the local bodies. We welcome the recommendations of the Tenth Finance Commission making available a total amount of Rs.402.86 crores for Tamil Nadu in the period from 1996-97 to 1999-2000. The total allocation for all States made by the Tenth Finance Commission for transfer to local bodies is Rs.5380.93 crores. The amounts allocated under these recommendations are to be treated as part of the States' Plans and have to be earmarked to be transferred to local bodies. This will give a big boost to the finances of local bodies. This is a land mark recommendation which is to be welcomed.

22. I have spelt out in detail our main concerns following the recommendations of the Tenth Finance Commission as accepted by the Central Government. We are deeply disappointed that the share of the States through organised vertical transfers has not at all improved. The estimation of the surplus/deficit situation of the States in 1995-2000 is extremely harsh and does not at all reflect the reality. We are also quite disappointed at the distribution formula which penalises better managed States. The grants allowed for the State Calamity Relief Fund are not adequate. The scheme of debt relief is extremely inadequate. The better managed States again stand penalised in the allocation of grants for upgradation of administration and special problems. The redeeming feature is the extension of grants to local bodies. Overall, we have every cause to feel disappointed with the recommendations of the Tenth Finance Commission.

ANNUAL PLAN

23. Hon'ble Members of the House are aware of the spectacular performance of this Government in ensuring consistent

increases in real terms in the approved annual plan outlay and even more significantly in over-achieving the approved plan outlay in each of the years since 1991-92. When this is seen in a context where 8 of the 15 major states have been unable to achieve their original approved outlays both in 1992-93 and in 1993-94, Tamil Nadu's perfect record of matching promise with performance is even more creditable. The Hon'ble Deputy Chairman of the Union Planning Commission congratulated the Hon'ble Chief Minister on this performance record in their meeting on 20th January, 1995. In 1991-92, the outlay performed was Rs.1725.98 crores against an approved outlay of Rs.1605 crores. In 1992-93, Tamil Nadu performed an outlay of Rs.1935.14 crores against an approved outlay of Rs.1766 crores. In 1993-94 again, this record was maintained and the outlay performed was Rs.2234.79 crores against an approved outlay of Rs.2101 crores.

24. Hon'ble Members are aware that for 1994-95, the Hon'ble Chief Minister secured for the State a significantly larger plan outlay of Rs.2750 crores. This massive increase in 1994-95 was undertaken to bring the State's per capita plan outlay well above the national average. There was scepticism in some quarters whether the State would be able to actually perform such a large outlay. I am happy to inform you that in the current year as well, the State is well on its way to perform the annual plan outlay in full and in fact the Revised Estimates for 1994-95 provide for an outlay of Rs.2771.26 crores.

25. For 1995-96, the Hon'ble Chief Minister Puratchi Thalaivi Dr.J. Jayalalitha has secured for the State an outlay of Rs.3200 crores which represents a 16.36 per cent increase over the current year's outlay. The outlay fixed for the coming year consolidates on the spectacular growth achieved in 1994-95, and will ensure that the State not only achieves the over all Eighth Plan outlay of Rs.10,200 crores for Tamil Nadu in nominal terms but also in real terms. **The State is committed to ensure the full achievement of the plan outlay in 1995-96 and it is for this reason that against the plan outlay of Rs.3,200 crores, the Budget Estimates for 1995-96 provide for an outlay of Rs.3,250.58 crores.**

POLICE

26. No Chief Minister has done so much in so short a time as our leader Puratchi Thalaivi Dr.J.Jayalalitha to make the Tamil Nadu Police the best Police Force in the country. Under her able direction the State Police is functioning with a new sense of purpose and direction. Peace and

tranquillity which constitute the foundation for rapid growth have been ensured. The State Police has risen to the occasion in every situation and tackled every problem with confidence and firmness.

27. **The Budget includes a total provision of Rs.420.07 crores for the Police Force in 1995-96 as against Rs.387.22 crores in 1994-95.** We have not been deterred by the lack of release of further funds from the Centre, apart from Rs.10 crores received in 1991-92, against our request for Rs.80.45 crores for modernising the police force. We have gone ahead to implement this plan and have provided funds for this in each Budget. We made a request to the Tenth Finance Commission for an upgradation grant of Rs.668 crores for Modernisation of Police Administration. But the Tenth Finance Commission has allowed only a grant of Rs.12.13 crores and that too only from 1996-97 for the period 1996-2000. We are thus forced to rely on our own resources to implement the Police Modernisation Schemes. A special provision of Rs.12.50 crores has been included in the Budget for 1995-96 to finance the State Police Modernisation Programme. The Hon'ble Chief Minister Puratchi Thalaivi Dr.J.Jayalalitha will announce details of the new programmes in the course of the debate on the Police Demand.

28. We have accorded the highest importance to the implementation of police housing schemes. So far 2002 police quarters have been built at a cost of Rs.28.50 crores. The Budget includes a provision of Rs.10.50 crores for police housing. Together with institutional finance raised from HUDCO we plan to construct 1500 quarters in 1995-96. This includes provision for the construction in a phased manner of the Police City in Madras. The Hon'ble Chief Minister Puratchi Thalaivi Dr.J.Jayalalitha has already announced the establishment of a Police Academy at Veerapuram near Madras. A detailed project report has been drawn up. Work on this project will commence in 1995-96. Hon'ble Members of the House are aware of the smooth and efficient manner in which 10,000 new police constables were recruited by the Uniformed Services Recruitment Board. The new constables are being trained and positioned in the field. This is of vital importance to improve the efficiency of the Police Force.

ACTION PLAN FOR ACCELERATED INDUSTRIAL DEVELOPMENT

29. Following the new economic policy initiated by the Centre, which includes delicencing and deregulation, a new competitive situation

in industrial development has emerged. States have to compete with each other in attracting new investments. While Tamil Nadu has done very well in retaining its position according to the latest report of the Industrial Development Bank of India for the year 1993-94, we cannot rest on our laurels. It is for this reason that the Hon'ble Chief Minister Puratchi Thalaivi Dr. J. Jayalalitha has indicated that a new State specific action plan should be drawn up for rapid industrial development. This action plan is in continuation of the New Industrial Policy brought out by this Government in 1992.

30. We have identified several key areas where the Government will have to initiate appropriate action. These key areas include:-

* provision of efficient and quality infrastructure
* development of a mechanism for speedy clearances
* easy access to land, water and power
* encouragement to specific industry groups where the State has a comparative advantage
* a conducive industrial relations climate
* development of technical manpower
* a stable fiscal policy, and
* provision of urban infrastructure and housing

31. This Government will now focus on coordinated action in these key areas to facilitate rapid industrial development. The Governor's address has already spelt out in detail the various steps that have been taken. The Budget Estimates for 1995-96 include provisions for the various items in this action plan. Hon'ble Members of the House will be glad to know that a strong effort is being made in the new competitive situation to ensure rapid industrial development in Tamil Nadu.

SOCIAL SAFETY NET FOR THE POOR

32. In the middle of the stabilisation and structural adjustment processes following the new economic policies announced by the

Centre, the Hon'ble Chief Minister Puratchi Thalaivi Dr. J. Jayalalitha had indicated firmly that Tamil Nadu should take the lead in providing a comprehensive Social Safety Net for the poor and the downtrodden. Accordingly, this Government had initiated the concept of a Social Safety Net for the poor in the Budget for 1993-94. We have strengthened this Social Safety Net in the current year. It should be realised that when we talk of a Social Safety Net, Tamil Nadu stands out as a pioneer in the whole country. Its effort in protecting the poor and the downtrodden in the midst of economic uncertainty has been widely lauded. We have not allowed fiscal constraints to affect in any way the support that we have given for the welfare and well-being of the poor. While financial problems and difficulties have persisted, the Hon'ble Chief Minister Puratchi Thalaivi Dr. J.Jayalalitha has insisted that on no account shall we compromise in providing this comprehensive Social Safety Net for the poor.

33. It is only very recently, that too in the recent Union Budget presented on 15th March 1995, that the Centre has recognised the need for an effective social safety net. We have undertaken this task much ahead of the Centre despite the fiscal constraints. While we welcome the new direction in the Centre's policies, we would like to indicate firmly that the implementation of these programmes for the poor should be totally left to the States. We are already seeing a tendency for the Centre to intervene directly, bypassing the States in many programmes. We would like to urge that the funds for the new Social Assistance Programme and the Midday Meal Programme should be made available to the States, and the States should be allowed to implement these programmes without any interference. It is counter productive for the Centre to attempt to run these programmes directly.

34. Hon'ble Members of the House will be glad to know that in the Budget Estimates for 1995-96, **a total provision of Rs.1960.93 crores has been made for the Social Safety Net for the poor which includes:-**

* Food Security
* Nutrition for the aged, expectant mothers and children
* Primary health care and medical services for the poor
* Universal Elementary Education

* Employment programmes for the poor
* Essential drinking water
* Shelter for the homeless
* Social security programmes, and
* Special programmes for the weaker sections.

35. This comprehensive Social Safety Net for the poor has been widely welcomed and has made Tamil Nadu easily the best State in the country in looking after the well-being of the poor and the downtrodden. We have decided to further improve the Social Safety Net for the poor in this Budget.

36. **Hon'ble Members of the House are aware that the Government of Tamil Nadu provides Old Age Pension, Pension for Destitute Agricultural Labour, Pension for Widows and Deserted Women and Pension for the Physically handicapped at Rs 75 per month. These schemes cover in all 6 lakh persons. We have decided to increase the pension from Rs 75 per month to Rs 100 per month. This will cost Rs.18 crores additionally per annum.**

37. At present there is no pension scheme for Marginal Farmers. **We have decided to introduce a new pension scheme for Marginal Farmers above the age of 65. Under this new scheme, a pension of Rs.100 per month will be provided.** The same conditions as for the Old Age Pension scheme will apply except for the stipulation regarding ownership of land. **We anticipate that this will cover one lakh Marginal Farmers. It will involve an additional cost of Rs.12 crores per annum.**

38. Under the Family Distress Relief Scheme, we are providing a relief amount of Rs.5000 in the event of death of the bread-winner. About 50,000 beneficiaries are covered annually. **We have decided to introduce a new Child Support Scheme to help these families. Immediately after the family is given the support of Rs.5000, a monthly support of Rs.50 will be extended to one child in the family for a period of 4 years to enable the child to continue schooling at least upto Class VIII. This will ensure that in the event of the death of a breadwinner the child does not suffer for want of education.**

39. This Government is providing an amount of Rs.75 per month for four months totalling Rs.300 for every pregnant women below the poverty line. While this support compensates the loss of wages during this period, it does not ensure adequate nutrition for the pregnant women. **We have decided to extend nutrition coverage for these pregnant women in the nearest Nutritious Noon-meal Centre. Every such pregnant woman who has been given Rs.300 as support will also be entitled to take a free meal every day at the Nutritious Noon-meal Centre for a period of 4 months. We expect that this scheme will benefit about 2 lakh pregnant women each year.**

40. I am sure the Hon'ble Members of the House will welcome the several new initiatives that are being launched for the benefit of the poor and the downtrodden in the State. With this, Tamil Nadu will continue to be the leading State in the country to provide for the well-being of the poor.

DEVELOPMENT PROGRAMMES

41. So far I have spelt out the major policy issues which require intensive focus during 1995-96. In order to save time, the schemes and projects implemented in different sectors have been set out in detail in Part-B of my speech. This may be taken as having been read out by me. However, since several new innovative schemes have been taken up in different sectors intended to benefit various groups who require assistance, I propose to briefly highlight some of these new initiatives:

* Food grain production will exceed 100 lakh tonnes during 1994-95. The thrust of the State's agricultural policy is to ensure more remunerative prices for farmers. **The Agriculture Human Resources Development Project at a cost of Rs.94.56 crores will be implemented with an outlay of Rs.10 crores in 1995-96.** The budget provision for the Tamil Nadu Agricultural Development Project will be stepped up to Rs.73.43 crores. **A new scheme with an outlay of Rs.1 crore to promote food processing units in the joint and associate sectors will be launched in 1995-96.**

* We will urge the Government of India to implement the Pamba-Achankoil-Vaigai link immediately. We expect to implement the Water Resources Consolidation Project to benefit 40 lakh farmers at a cost of Rs.1140 crores implemented with a budget provision of Rs.68.57 crores in 1995-96. **A new reservoir across the Malattar in**

North Arcot Ambedkar district will be constructed at a cost of Rs.16 crores. A State Tank Irrigation Project (STIP) will be launched in 1995-96 with an outlay of Rs.10 crores. A special provision of Rs.10 crores has been made in the Budget for 1995-96 for completing the restoration of damage caused to the irrigation systems by floods.

* **The outlay on the Decentralised District Plan has been increased to Rs.50 crores.** Financing arrangements for the maintenance and development of assets in rural areas will be completely revamped. **All Panchayats in the State will be provided with colour television sets by June 1995.**

* The Institute of Veterinary Preventive Medicine at Ranipettai will be strengthened to achieve a three fold increase in the production of canine rabies vaccine.

* **A new scheme to popularise synthetic catamarans will be launched at a cost of Rs.25 lakhs.**

* A new Forestry Research Education and Extension Project has been launched at a cost of Rs.7.54 crores with an outlay of Rs.1.50 crores in 1995-96. An Operation Greening for the afforestation of non-forest areas will be launched in 1995-96 at a cost of Rs.50 lakhs.

* SIPCOT will set up a new industrial estate over 600 acres at Cheyyar in Tiruvannamalai Sambuvarayar district at a cost of Rs.17.80 crores. TIDCO will support 19 projects with a total project cost of Rs.5805.93 crores in 1995-96. **Tamil Nadu Newsprint and Papers Limited's expansion project at a cost of Rs.525 crores is to be completed by June 1995. SIDCO will establish an Industrial Estate near Madras exclusively for women entrepreneurs in 1995-96.**

* **The Power Sector plan outlay has been stepped up from Rs.624.38 crores in 1994-95 to Rs.750 crores in 1995-96.** Tamil Nadu has emerged as the leader in wind power generation in the country with a total installed capacity of 132 MW out of the All India capacity of 180 MW.

* The plan outlay on Roads will be stepped up to Rs.153.16 crores, a 19% increase over 1994-95. **A new scheme for black topping of Panchayat Union roads will be launched with a provision of Rs.10 crores in 1995-96. A new Coastal Roads Improvement Programme (CRIP) will be launched in 1995-96 with an outlay of Rs.6.50 crores.**

A Ghat Roads Improvement Programme (GRIP) will be launched with a provision of Rs.1 crore in 1995-96. **Rehabilitation of 39 bridges and roads in 9 cyclone affected districts under the Tamil Nadu Agricultural Development Project at a total cost of Rs.21 crores will be taken up.** A new special programme for improvements to roads in industrial areas will be launched with a provision of Rs.2.50 crores in 1995-96.

* A Tamil Nadu Maritime Board to accelerate the development of intermediate and minor ports is proposed to be set up. **Detailed schemes for the development of Cuddalore and Nagapattinam Ports will be taken up.** The Government of India has been requested to take up the development of Tuticorin and Ennore ports.

* A new Urban Infrastructure Financing Institution will be set up to mobilise resources for infrastructure projects in municipal areas. A new Tirupur Area Development Corporation Limited has been established to take up the Tirupur Area Development Project at a cost of Rs.653.20 crores.

* **Substantial progress has been achieved on the various components of Madras Vision-2000 which envisages a total investment of Rs.4000 crores in Madras city.**

* During 1995-96, **40,000 houses will be provided under the Rural Housing Scheme with an outlay of Rs.6.40 crores.**

* The Plan Outlay on drinking water supply will be stepped up to Rs.419.97 crores during 1995-96. **The New Veeranam Project is to be implemented with World Bank assistance and the budget provides Rs.159.74 crores for this project.** A new Sewage Renovation Project will be implemented with the OECF (Japan) assistance at a cost of Rs.572 crores. The budget provides Rs.5 crores for this project. **New funding arrangements for water supply in urban areas will be worked out to tap at least Rs.25 crores of institutional finance during 1995-96. All the 1037 remaining "no-source" habitations will be provided with protected water supply by December 1995.** A revised Tamil Nadu Rural Water Supply and Sanitation Project at a cost of Rs.894 crores has been posed to the World Bank for assistance. Totally 1183 Adi Dravidar habitations will be taken up for coverage as a sub component under the Acclerated Rural Water Supply Programme during 1994-95 and 1995-96 with a total outlay of Rs.22 crores. 458 habitations affected by excess fluoride in Dharmapuri,

Salem, Tiruchirappalli, Coimbatore and Periyar districts will be taken up at a total cost of Rs.42.27 crores. 160 coastal fishermen habitations affected by high salinity will be provided safe drinking water at a cost of Rs.6.40 crores in 1995-96.

* **A new Department of Environment will be established during 1995-96.** New Common Effluent Treatment Plants for the leather industry and the textile dyeing industry will be commissioned by the Tamil Nadu Leather Development Corporation and the Tamil Nadu Pollution Control Board.

* The total outlay on Education during 1995-96 will be Rs.2233.17 crores. A three year Educational Infrastructure Programme will be implemented with an outlay of Rs.160.24 crores in 1995-96. **The VII South Asian Federation Games will be hosted in Madras and a games project at a cost of Rs.125 crores will be implemented.**

* **70 new Primary Health Centre buildings will be constructed in 1995-96 with a provision of Rs.1.75 crore.** Every Taluk Hospital will be provided with minimum specialities like gynaecology, paediatrics, opthalmology etc. **20 Taluk hospitals will be provided with X-ray machines. The total provision for drugs and medicines has been enhanced to Rs.96 crores.**

* **A total number of 1.5 lakh women will be assisted to improve their income under various self-employment programmes during 1995-96. The Child Welfare Sub-Plan will have an outlay of Rs.768.62 crores during 1995-96.** A comprehensive policy for the welfare of the handicapped has been formulated.

* The Adi Dravidar Girl Child Support Scheme will be extended to 5 more districts viz., Chengalpattu MGR, North Arcot Ambedkar, Salem, Tiruchirapalli and Nagapattinam Quaid-e-Milleth. The target of distribution of house sites to 5 lakh Adi Dravidar families will be achieved during 1995-96 with a budgeted outlay of Rs.10.50 crores. **Television sets will be supplied to 2000 Adi Dravidar habitations during 1995-96.** The provision for the construction of hostel buildings for Adi Dravidars will be enhanced to Rs.4 crores. **50,000 concrete roof houses at a total cost of Rs.105 crores will be built for Adi Dravidars during 1995-96. A new scheme with a provision of Rs.15 crores to upgrade 30,000 houses belonging to Adi Dravidars will be launched during 1995-96.**

* **6577 houses will be built free of cost for the rural poor belonging to Backward Classes during 1995-96 at a total cost of Rs.13.81 crores.**

* A new Cooperative Spinning Mills Federation has been set up with an initial share capital of Rs.25 crores. 1000 worksheds-cum-houses will be constructed for handloom weavers during 1995-96 with an outlay of Rs.1.90 crores. **The budget provides Rs.60 crores for the scheme of free supply of sarees and dhoties in 1995-96 to 60 lakh women and 60 lakh men who are below the poverty line.**

* The total outlay on the Jawahar Velai Vaippu Thittam during 1995-96 will be Rs.311.64 crores which will be a 40% step up above the outlay for 1994-95. **10.20 crore mandays of employment will be created during 1995-96 under various employment schemes.**

FINANCIAL POSITION

42. I have now to turn to the difficult task of matching the expenditure with receipts taking note of the ambitious plans and programmes which this Government has set out to achieve in 1995-96. Hon'ble Members of the House will recall the financial situation when this Government assumed office. It was then considered that Tamil Nadu would inevitably have to go in for a drastic cut in its plan outlay and would also find it difficult to even pay the salaries of its employees. Hon'ble Members of the House are aware that many States have had to suffer the ignominy of indirectly borrowing from private agencies. We have not allowed this to happen. We have exceeded the approved plan outlay every year since 1991-92 and are poised to do so again in 1994-95. We have set for ourselves a plan outlay of Rs 3200 crores in 1995-96. Unfortunately, the Tenth Finance Commission's recommendations which we expected would provide some much needed financial relief, have completely belied our hopes. Even so, we have to rededicate ourselves to the task of taking Tamil Nadu further on the road to prosperity.

BUDGET ESTIMATES

43. The Budget Estimates for 1994-95 indicated total revenue receipts of Rs.7844.37 crores and revenue expenditure at Rs.9083.53 crores resulting in a revenue deficit of (-)Rs.1239.16 crores. Together with the estimated opening deficit of (-) Rs.196.82 crores, the net effect of transactions on all accounts at (-) Rs.201.23 crores, the expected

net savings of Rs 95 crores on account of economy measures and the yield of Rs 48 crores on account of new tax effort, the closing overall deficit for 1994-95 was expected to be (-) Rs 255.05 crores. We have taken several measures to bring the situation under control without sacrificing the plan outlay.

44. The Revised Estimates for 1994-95 indicate total revenue receipts of Rs.8135.44 crores and revenue expenditure at Rs.9187.16 crores leaving a revenue deficit of (-) Rs.1051.72 crores. Hon'ble Members of the House may note that we have brought down the revenue deficit. Together with the actual closing balance at the end of 1993-94 of Rs.69.79 crores and the net effect of transactions in all accounts at (-) Rs.93.89 crores, the closing deficit at the end of 1994-95 is now estimated at (-) Rs.24.10 crores. It may be noted that we have ensured considerable improvement in the financial position while at the same time providing for a plan outlay of Rs.2771.26 crores.

45. In the Budget Estimates for 1995-96, revenue receipts are estimated at Rs.8985.07 crores and revenue expenditure at Rs.9910.62 crores resulting in a revenue deficit of (-) Rs.925.55 crores. The net effect of transactions in all accounts in Budget Estimates for 1995-96 will be a deficit of (-) Rs.1.40 crores. The anticipated closing deficit in the Revised Estimates for 1994-95 is estimated to be (-) Rs.24.10 crores. The overall total deficit at the end of 1995-96 is now estimated at (-) Rs.25.50 crores.

46. It may be noted that we have made a significant effort to bring down the revenue deficit sizeably. The overall deficit has also been brought down to a great extent. Hon'ble Members of the House will appreciate the effective financial management that we have undertaken to bring about this improvement in the situation. While we can take legitimate pride in having brought down both the overall deficit and the deficit on the revenue account, we have still to exercise caution about the overall financial position as we do not have much scope for additional mobilisation of resources. The effort will necessarily have to be on keeping expenditure in check.

EXPENDITURE POLICY

47. In my last Budget speech, I have set out the principles of the expenditure policy which this Government would pursue. It is not desirable

that Government undertakes expenditure on various activities which can be efficiently performed by others. The Government should concentrate on certain core activities and in particular, look after the well being of the poor and downtrodden. We have kept this as the main guiding principle in developing our expenditure policy. The Tenth Finance Commission has been severe on estimating the expenditure needs of the Government and has clearly indicated that States should not undertake unnecessary commitments. We will therefore have to exercise caution in setting out our expenditure policy.

48. We shall continue the policy frame that I had set out last year, namely secure improved productivity in Government with continued implementation of the Ze-bag process, target as far as practicable all schemes only for the deserving and needy poor, secure adequate recovery of costs for various services rendered by the Government particularly to the non-poor, withdraw financial support to loss making public sector undertakings from 1995-96 onwards and lastly, implement economy measures with full earnestness. We shall continue this package of measures in 1995-96. I seek the cooperation of all the Hon'ble Members in my effort.

TAXES

Sales Tax

49. This Government has followed a pragmatic fiscal policy without over burdening any category. This stability in fiscal policy has been greatly welcomed. Hon'ble Members of the House are aware of the far reaching changes in the sales tax structure which we introduced in 1993-94. This has become a model for the rest of the country and several States have followed our lead. Industry and Trade have been requesting that Additional Sales Tax, Surcharge and Additional Surcharge on Sales Tax should all be merged with the Basic Sales Tax and an even more simple rate system be evolved, together with a concessional rate for capital goods. This issue has already been gone into by the National Institute of Public Finance and Policy (NIPFP) in the context of the introduction of a Value Added Tax (VAT) system. The report of the NIPFP was presented to the Government of India. The Union Finance Minister held a meeting on 27th May 1994 with all State Finance Ministers to consider the report of the NIPFP. It was then decided that a Committee of 10 State Finance Ministers would go into the whole issue of tax rationalisation further. The levy of Consignment Tax has also been

referred to this Committee. We have had further meetings of this Committee and also the sub committees constituted to go into various issues. Any further rationalisation including the merger of Additional Sales Tax, Surcharge and Additional Surcharge with the Basic Sales Tax and concession for capital goods, will have to go along with other measures like the return to the States of the right to levy sales tax on three commodities now exempt because of the levy of Additional Excise Duties, the introduction of Consignment Tax and so on. A coordinated view will have to be taken. We shall of course pursue this issue in the Committee of State Finance Ministers so that an early consensus can be reached, not only among States but also with Union Territories and the Government of India.

50 . We have decided, as part of our fiscal policy to take steps to foster industrial growth in the State. With the lowering of import duties and the liberalisation of the economy, Indian industry has to become competitive. There is competition between States in attracting new industries. We have already launched a new State specific action plan for industrial development. This plan includes a well thought out fiscal policy. It will be our effort to move forward in establishing a simplified and rational tax system in Tamil Nadu. One of the main issues affecting the competitiveness of industry among States is the incidence of sales taxes on industrial inputs. It is our objective to minimise the cascading of taxes. As part of this process we had already widened the scope of the concessional rate of tax for inputs under sec 3 (3) of the Tamil Nadu General Sales Tax Act for many items in 1993-94. Again in my budget speech for 1994-95, I had announced that the concessional rate of tax under sec 3 (3) would be extended to some mineral oils, as notified, and gases used as raw materials. We could not implement this due to revenue considerations. We have now reviewed the whole issue of taxation on inputs for industries. In the newly developing competitive situation there is considerable merit in the argument that all inputs into a manufacturing or industrial process should at best bear a nominal tax. We have decided to implement such a policy. Accordingly all mineral oils, lubricating oils, quenching oils, greases and gases which are presently not eligible for the concessional rate of tax under sec 3 (3), will now be made eligible for the concessional rate of Basic Sales Tax of 3 per cent. This will greatly help several industries relying on mineral oils and gases as feed stock, primary industrial fuel etc., and make their products competitive. Diesel will continue to be ineligible for the concessional treatment as it is mostly used as fuel for vehicles. Petrol, aviation fuel and liquor are also not eligible since these are not industrial inputs. This concession will involve a loss of revenue of about Rs 80 crores per annum.

We have decided to go ahead and implement this far reaching reform to enable accelerated industrial development in the State.

51. Hon'ble Members of the House are aware that a 5 per cent sales tax is being levied on food and drink served in restaurants and hotels. The exemption limit is Rs 3 lakhs per annum. Several representations have been received that, as a specific measure to bring down prices, the Government should reduce this tax. It has been indicated that a large number of workers go to small hotels for their daily food and it will be of great help if their cost of living can be brought down. We have decided to totally do away with this tax except in respect of food and drink served in star hotels. We expect the hoteliers to bring down the prices of food and drink. Hon'ble Members of this House will no doubt welcome this measure which is directed towards bringing down the prices of food articles to benefit the common man. The loss of revenue is estimated at about Rs 20 crores per annum.

52. Hon'ble Members of the House are aware that last year in an effort to broaden the tax base we had reviewed the list of goods exempted from tax and brought to tax those goods which could bear the minimum rate of tax. Based on representations received thereafter we have already restored the exemption to the following goods:

- Coconut Thatches
- Firewood
- Reading books including text books
- Students' note books and copy books
- Poultry feed, rabbit feed, monkey feed and pig feed
- Korai grass
- Indigenous products of sericulture
- Desiccated coconut
- Broom stick
- Writing pencils, colour pencils, erasers, sharpeners
- Pens, ball point pens, refills, ebonite pens, ebonite ball pens, writing ink including ink tablets
- Stainless steel nibs
- Black boards, dusters, geometry boxes, dissection boxes and other instruments for drawing or dissection
- Stitched handloom and millmade handkerchiefs
- Palm Jaggery
- Charcoal

- Packed pickles weighing below 50 grams
- Appalams and vadams

53. Taking note of further representations and the needs of the common man and children we have decided to exempt the following goods from sales tax:

- Candles
- Rubber play balls
- Hurricane lights
- Kerosene lamps (other than gas lights and petromax lights) and their wicks and glass chimneys
- Non pressure kerosene stoves

54. Manually operated agricultural leveller and hoe and animal drawn leveller will also hereafter be exempt from tax.

55. Cardboard boxes are presently taxed at the residual rate of 8 per cent. Corrugated boxes are taxed at 5 per cent. We will amplify the entry in Schedule I to include card board boxes so that they are also taxed at 5 per cent.

56. The electronics industry is an important growth industry. The rate of tax on electronics goods is already at the low rate of 3%. However manufacturers of electronics goods have indicated that certain components of electronics goods like small transformers and capacitors meant for radio, television and electronic equipment are being charged at a much higher rate. They have requested uniform treatment of all components going into electronic products. We have carefully examined this request and we have decided to reduce the rate for small transformers used in electronics equipments including Power and Control transformers (stepping down from 230 V to less than 100 V power rating not exceeding 250 VA), Buck/Boost transformers (230 V/less than 100 V), Inverter transformers, Isolation transformers, Rectifier transformers, Ferro Resonant transformers, Line driver transformers(less than 50 VA), Fly Back transformers/Line output transformers /Extra high tension transformers, Main filter transformers, Line driver transformers (ferrite core), Toroidal core transformers and R-Core transformers, Switch mode power supply **transformers from 12 per cent to 3 per cent**. The tax on capacitors other than those to be specified in Item 38-A of Part-D of Schedule I will be reduced from **8 per cent to 3 per cent,** while the power factor and shunt capacitors (1 KVAR to 100 KVAR - 415 V or 660 V) are to be specified in Item 38A of Part D of Schedule I

explicitly at 8 per cent. Electrical transformers including Transmission Power transformers (33 KV to 232 KV), Distribution transformers (33 KV to 3.3 KV) Traction power transformers (110 KV), Booster transformers (25 KV or thereabouts), Furnace transformers, Resin potted transformers (11 KV or thereabouts), Welding transformers, Step up transformers (230 V/up, 5 to 50 KV and 415/5 to 50 KV), Auto transformers (variac), Instrument transformers like current transformers and potential transformers, and parts and accessories will continue to be taxed at 12 per cent.

57. At present the rate of tax on lotteries is 3 per cent. Lotteries organised by different State Governments are allowed to be sold in Tamil Nadu. The levy of sales tax on lotteries has been reviewed. Lottery tickets are different from other goods in that their intrinsic value is negligible. They are not fully tradeable or seizable goods over a length of time. After a draw, except the winning tickets, they are of no value. The dealers have also represented about the problem of unsold tickets. In view of this they have requested a compounding system. Such a system is in vogue in Rajasthan. Taking note of these representations and also with a view to ensure that a substantial revenue from lotteries is realised, the Government have decided to introduce a compounding system. Accordingly every dealer (which term includes a distributor) of lottery tickets in Tamil Nadu may compound the tax liability in respect of lottery tickets and pay a compounded amount at the following rates, namely:

Type of draw	Amount per draw to be paid
Weekly draw	Rs 6,000/-
Monthly Instant Draw	Rs 15,000/-
Monthly Bumper Draw	Rs 15,000/-
Festival Bumper Draw	Rs 20,000/-

This system of compounding will be at the option of the dealer who will have to opt for the compounding system before the 30th June 1995.

58. Section 12 of the TNGST Act indicates the penalty that is to be charged in the event there is a difference in the tax assessed and the tax paid as per the return. At present the lowest slab rate of penalty of 50 per cent is levied if the tax paid as per the return falls short of the tax assessed on final assessment, even by a small amount. Dealers have represented that there could be small variations between the tax as per the return and the final assessment due to accounting and computer errors. This should not be penalised at the very stiff rate of 50%. We have therefore decided that a

penal rate of 25% will be levied if the difference between the tax assessed and the tax paid as per the return is not more than 5 per cent The existing rate of 50% of the difference of tax assessed and the tax paid as per the return will continue if the tax paid as per the return falls short of the tax assessed on final assessment by more than 5 per cent but not more than 15 per cent. The other slab rates of penalty will remain the same.

59. It is also proposed to exempt weaning food sold to District Collectors for the Puratchi Thalaivar Dr.M.G.R Nutritious Noon Meal Programme, by a separate notification, in continuation of the exemption now existing for pulses and oil sold for this programme.

60. It is proposed to amplify and correct the existing entry in Schedule III B for water to make it clear that distilled water and mineral water in any form of container, and water sold not only in bottles and sachets but also in jugs and Jerry cans will not be exempted. Of course water sold in large drums, animal or tractor drawn tanks and lorry tankers will continue to be exempted.

61. Trade has been in two minds about the interpretation of the 40 - day time limit given by Government for "in transit" sales under the CST Act. It is proposed to clarify by a separate notification that this 40 - day limit is an overall total limit for a set of goods even if there are a series of such sales in those goods. However transactions prior to 1.4.1995 will not be reopened on this issue.

62. All these sales tax changes will take effect from 1st April 1995. Appropriate amendments to the Tamil Nadu General Sales Tax Act will be brought forward in the current session of the Legislature.

Entertainment Tax

63. Hon'ble Members are aware that in the last Budget the Government decided to accept the recommendations of the High Power Sales Tax Reforms Committee and to levy an entertainment tax of 40 per cent on the gross receipts of the Cable Television operators. There have been repeated representations from Cable TV operators that the present rate of tax of 40 per cent was too high and that this should be reduced substantially. While not fully conceding the request of the Cable TV operators, at the same time for better compliance and to avoid protracted litigation the Government has decided to reduce this rate to 20 per cent with

effect from 1st April 1995. It is estimated that this will mean a fall in revenue of about Rs 8.50 crores.

64. Appropriate amendments to the Tamil Nadu Entertainment Tax Act will be brought forward in the current session of the Legislature.

Agricultural Income Tax

65. We have recognised the plantation industry as an important export oriented industry. In the last budget I had announced some incentives for the plantation industry. We shall introduce a Plantation Development Fund scheme to promote new investment. Under this scheme, an Agricultural Income Tax assessee will be allowed deduction from his agricultural income liable to tax, an amount equivalent to the deposit made under the new Plantation Development Fund scheme to a maximum extent of 8 per cent of his taxable income. This deposit can be maintained in a special account with the NABARD, State Cooperative Bank or any nationalised bank. The deposit can be withdrawn with interest after a period of one year but will have to be utilised for specified investments on the plantation within Tamil Nadu like replanting, extension of planting, new construction or extension of roads and bridges, construction of factories and godowns, purchase of plant and machinery on the estate etc.

66. In my last budget speech, I had announced that interest on working capital would be made fully deductible provided, the borrowings were from scheduled banks and public sector financial institutions. I now propose to relax the condition further and allow deduction on account of interest on working capital borrowed from other sources excluding relatives subject to a ceiling of 15 per cent on the interest rate.

67. The present ceiling of Rs 10,000 under Section 5(e) of the Act which allows deduction for contributions and donations for charitable purposes will be enhanced to Rs 25,000 and for donations to the Chief Ministers's Public Relief Fund upto Rs.50,000.

68. Suitable amendments to the Act and rules to give effect of these changes will be introduced in this session to take effect from the assessment year 1995-96.

CONCLUSION

69. I had earlier indicated in my speech that the closing deficit for 1995-96 would be (-) Rs.25.50 crores. Hon'ble Members may note that

I have not made any proposals for additional taxation, but have offered many concessions to promote the growth of industries in the State and also to secure the well being of the poor. The effect of these concessions is estimated to be a loss of revenue of Rs 110 crores. By undertaking various measures to control expenditure which have been outlined and by improved collection of taxes and non tax revenue, I am hopeful of neutralizing this anticipated loss of revenue. Consequent on the decision to reduce the prices of all varieties of rice in the Public Distribution System from 1st April 1995 by Re.1 per Kg., the additional commitment will be Rs.150 crores. Adding this, the net final deficit will be (-) Rs.175.50 crores. Hon'ble Members will note that this reflects a much healthier financial situation than when we assumed office nearly 4 years back.

70. Although we have reversed the trend of increasing deficits in the revenue account, the failure of the Tenth Finance Commission to provide any worthwhile relief makes it necessary for us to continue to be vigilant in controlling expenditure. The Centre has not acceded to any of the long standing demands of the States to improve their finances. A share in Corporation Tax has been a long standing request. This has not yet been realised. Consignment Tax which was almost implemented during the late Hon'ble Prime Minister Thiru Rajiv Gandhi's period of office has been virtually shelved. This does not augur well for equitable sharing of resources between the Centre and the States. The Tenth Finance Commission's recommendations do not at all improve this position.

71. It has been our consistent plea that instead of discretionary flows of assistance for various programmes from the Centre, the better course would be to improve the overall share of resources of all the States. This would make the States more self reliant, consistent with their responsibilities. We do not see any movement in this direction and the Tenth Finance Commission has missed a major opportunity to correct the situation. It is time that a more meaningful debate on the distribution of resources between the Centre and the States consistent with the sharing of responsibilities takes place.

72. A State Government which wants to undertake new projects to provide essential infrastructure using external commercial borrowings cannot do so, as all the powers are with the Centre. When companies are allowed to access such borrowings, it is not clear why the Centre cannot allow a quota for the States for essential projects. We would urge the Centre to consider this issue and allocate a share out of external commercial borrowings to States which can attract such investments.

73. In June 1991, the people of Tamil Nadu gave a resounding mandate to the AIADMK headed by Puratchi Thalaivi Dr. J. Jayalalitha to secure the well being of the people of the State. This Government headed by the Hon'ble Chief Minister Puratchi Thalaivi Dr. J. Jayalalitha has unflinchingly stood by the people of the State at all times. The grave threat posed by foreign militants and extremists has been completely eliminated. Peace and tranquillity prevails throughout the State. Among the Indian States, Tamil Nadu stands as a shining example where stability and orderliness have led to growth and prosperity. The well being of the poor has been at the core of all our development plans and programmes. Tamil Nadu's per capita plan outlay has moved up once again above the national average. Tamil Nadu clearly is one of the fastest growing States. It is an excellent record of which we can legitimately be proud.

74. This Government has had to face many a problematic situation. The Hon'ble Chief Minister Puratchi Thalaivi Dr.J.Jayalalitha has worked tirelessly to protect the rights of the State in every forum. It is her vision, resolute action and firm and clear direction that has enabled Tamil Nadu to forge ahead on the road to prosperity. The policy of affirmative action to secure social justice has been greatly strengthened by the firm action taken by the Hon'ble Chief Minister Puratchi Thalaivi Dr. J. Jayalalitha to secure Constitutional protection for the Tamil Nadu Act providing for reservation in employment and education for the Backward Classes, Scheduled Castes, Scheduled Tribes and Denotified Communities. The Social Safety Net for the poor in Tamil Nadu has earned wide appreciation. It is now being emulated by others. This Budget has been formulated with a view to seek higher growth in the State's economy. It places a new focus on rapid industrial development. At the same time, it also has several plans and programmes for the benefit of the poor and the downtrodden. The Plan outlay of Rs 3250.58 crore that has been included in the Budget is ambitious but we shall exceed this outlay to honour our pledge to the people.

75. I welcome constructive suggestions on this Budget from the Hon'ble Members of this House based on the sound principles of justice, truth and integrity. I request the Hon'ble Members to eschew acrimony and rancour in the debate and instead offer positive suggestions to help us to serve the people better.

76. I have great pleasure in congratulating and conveying my heart felt gratitude to Thiru N. Narayanan, I.A.S., other officers of the Finance Department, and Secretaries and officers of other Government departments

for having stood by me and for rendering immense assistance in preparing this Budget in a splendid and perfect manner.

77. I earnestly request the House to kindly approve the Annual Financial Statement for the year 1995-96.

Vanakkam.

V.R. NEDUNCHEZHIYAN,
MINISTER FOR FINANCE.

Madras,
22nd March 1995,
Panguni 8,
Thiruvalluvar Era 2026.

PART - B

AGRICULTURE

Tamil Nadu has been blessed with bountiful harvests for the fourth year in succession. The overall **food grains production is expected to exceed 100 lakh tonnes during 1994-95. This tremendous achievement of our farmers deserves the highest praise.**

2. It is now well accepted that in a low income developing country in the initial phase of economic transition, **agriculture faces the double challenge of absorbing additional workers while increasing the productivity of the average worker to reduce poverty.** Broad based agricultural growth, involving the small and medium size farmers and driven by productivity enhancement through technological change, offers the only way to create productive employment and alleviate poverty on the scale required. Tamil Nadu's economy is in a transitional phase and the share of agriculture in the State Domestic Product, as is to be expected, has moved down from 29.42 per cent in 1981-82 to 24.18 per cent in 1992-93. **It is in this transition stage that agriculture has an even more important role, as the objective of poverty alleviation remains centre stage.**

3. We have formulated a policy that should facilitate rapid agricultural development keeping in mind the fact that the economy is in transition. **The first and foremost objective will be to reorient Government policy in such a manner so as to enable the farmers to realise higher prices and decrease their dependence on subsidies.** Thus, apart from price policy, deregulation of market controls and maximisation of farmers' well-being will be the broad objectives of Government interventions. **Secondly, the supply and quality of farm inputs will be upgraded. Thirdly, the rural credit structure will be revitalised. Fourthly, agricultural support services will be upgraded.** The overall objective is to improve productivity adopting technological change while at the same time contributing to poverty alleviation.

4. Keeping in mind this policy frame, this Government has greatly improved the prices available at the farm gate for the benefit of farmers. **The procurement prices of paddy which were Rs.185 per quintal for the coarse variety, Rs.195 per quintal for the fine variety and Rs.205 per quintal for the superfine variety in March 1990, have now become Rs.340 per quintal for the coarse variety, Rs.360 per quintal for the fine variety**

and Rs.380 per quintal for the superfine variety as at the end of March 1995. It may be seen that the prices have almost doubled. **The State advised price for sugarcane which was Rs.250 per metric tonne as in March 1990 has now become an all time high of Rs.525 per metric tonne.** Simultaneously, **regulations on the movement of food grains have been done away with** resulting in very good prices for farmers and at the same time easy availability throughtout the State.

5. Free availability of quality inputs at reasonable prices is a must for efficient agriculture. The sudden reduction of subsidies for fertilizers by the Centre and the consequent problems in availability have posed serious problems to this Government. Even so, the situation has been very effectively tackled leading to all round satisfaction. While it is true that the focus should be on improving prices of farm produce to benefit farmers, the withdrawal of subsidies has to be gradual keeping in mind the fact that real farm incomes should be improved. The availability of other farm inputs like irrigation water has to be efficiently organised. **This Government will promote water users' associations to ensure timely availability of water and efficient harnessing of water resources. Despite the financial strain, this Government continues to provide free electricity for all farm pumpsets.** This Government is fully conscious that any review of this subsidy will have to be accompanied by a thorough examination of farm output prices and input costs.

6. As part of the process of making agriculture efficient in the context of a transition economy, this Government places the **highest emphasis on the revitalisation of the rural credit structure.** It will be the effort in 1995-96 to overhaul the cooperative credit structure and the Primary Land Development Banks to cater more effectively to the needs of the farmer. The focus will be on promoting capital investment in Agriculture.

7. Government interventions in providing agricultural support services are most crucial. This Government has fully supported farmers in undertaking technological changes. The agricultural research services have been greatly strengthened. **The Tamil Nadu Agricultural University has released the first hybrid variety of paddy namely "MGR". This variety will be cultivated on 13,758 acres in 1995-96.** A demonstration scheme to popularise this variety will be launched in the coming year.

8. Tamil Nadu is in the forefront of promotion of **eco-friendly practices in agriculture. The Integrated Pest Management scheme will be implemented in 1995-96 at a cost of Rs.20 lakhs.** The production of

bio-fertilizers which has gone up from 1000 tonnes in 1993-94 to 1200 tonnes in 1994-95, will be further stepped up to 1450 tonnes in 1995-96. **The bio-fertilizer centre at Salem will be upgraded in 1995-96 at a cost of Rs.28 lakhs.**

9. Hon'ble Members of the House will be glad to know that the World Bank **has given final clearance in February 1995 for implementing the Agricultural Human Resources Development Project in Tamil Nadu at a cost of Rs.94.56 crores.** This major new project will greatly promote agricultural research, teaching and skill upgradation. **The budget for 1995-96 provides Rs.10 crores for this project.**

10. **The DANIDA assisted Tamil Nadu Women in Agriculture Project Phase-II, being implemented at a cost of Rs.28.73 crores, will be extended to 8 more districts** viz., North Arcot Ambedkar, Villupuram Ramasamy Padayatchiar, Coimbatore, Kanniyakumari, Dindigul Anna, Nagapattinam Quaid-e-Milleth, Periyar and Kamarajar districts during 1995-96. This project will provide training for rural women working on small and marginal farms to improve their technological skills. **A total number of 11,025 women will be trained during 1995-96.**

11. The World Bank assisted Tamil Nadu Agricultural Development Project (TNADP) with a revised cost of Rs.410 crores will be implemented during 1995-96 with greater vigour. **The budget for 1995-96 makes a stepped up provision of Rs.73.43 crores for this project.**

12. The efficient use of available water has been accorded the highest priority. Hon'ble Members of the House will be glad to know that a **Comprehensive Watershed Development Project to cover 27,000 acres in Kamarajar, Pasumpon Muthuramalinga Thevar and Ramanathapuram districts, at a cost of Rs.13.51 crores, is being implemented with assistance from DANIDA. Another project to cover 1,04,000 acres in Tirunelveli-Kattabomman and Chidambaranar districts has been launched recently and involves a total cost of Rs.41.32 crores.** Under the National Watershed Development Programme for Rainfed Areas (NWDPRA), 2.94 lakh acres in 84 blocks will be covered in 1995-96. The watershed development component of the TNADP will cover 2.22 lakh acres in 1995-96.

13. As part of the effort to improve the efficient supply of water, the Command Area Development Programme has been extended to cover the Cumbum Valley, Amaravathy, Kodayar-Chittar Pattanamkal

commands at a cost of Rs.46.74 crores. **During 1995-96, it is expected that a total area of 1.07 lakh acres will be covered at a cost of Rs.23.50 crores under this programme.**

14. To improve the incomes available to farmers we have to go in for value added agriculture, horticulture and floriculture. **A new scheme with an outlay of Rs.1 crore will be launched in 1995-96 to promote, in the joint and associate sectors, new food and flower production-cum-processing units.** This scheme will be implemented by the Tamil Nadu Agro Industries Corporation. The Tamil Nadu Horticulture Producers Cooperative Enterprises Federation (TANHOPE) has been launched with a seed capital of Rs.1.15 crores to increase the production and promote exports of various horticulture crops.

IRRIGATION

15. The plan outlay for 1995-96 for irrigation including minor irrigation, **will be Rs. 137.07 crores.**

16. Tamil Nadu has already utilised 98 % of its surface water and 62% of its ground water potential. The Hon'ble Chief Minister Puratchi Thalaivi Dr. J. Jayalalitha has repeatedly insisted on the Centre taking up the Peninsular River Water Grid. Very recently in the meeting with the Deputy Chairman, Union Planning Commission at New Delhi on 20th January 1995, she insisted that at least the first component of this Grid, namely the Pampa-Achankoil-Vaigai link, which envisages the transfer of 23 TMC of water to irrigate about 2.47 lakh acres in the drought prone districts of Kamarajar, Tirunelveli-Kattabomman, Ramanathapuram and Pasumpon Muthuramalinga Thevar districts at a cost of Rs 680 crores should be taken up as the first stage **of this national project. This Government would once again urge the Centre to take up the Peninsular River Water Grid as a national project without any further delay.**

17. The pattern of irrigation has considerably changed over the last decade and is currently as below:

		Lakh acres
i) Flow irrigation based on major irrigation systems and distributaries	..	23.47

		Lakh acres
ii) Irrigation tanks	..	22.23
iii) Tube wells	..	28.41
iv) Others	..	8.65
Total		**82.76**

18. Irrigated area is 47% of the cropped area. Our programmes in the irrigation sector will have to take note of this position and focus on the efficient utilization of available water.

19. Keeping in mind these objectives, we have been discussing with the World Bank the possibility of implementing a large project to completely rehabilitate and modernise all irrigation systems in the State. This project will ensure the completion of all on-going schemes in time. It will also completely modernise all the existing systems. It is anticipated that the project will benefit 40 lakh persons, 75% of whom will be small and marginal farmers. **We hope to make a beginning on the Water Resources Consolidation Project with assistance from the World Bank. This project involves an investment cost of Rs 1140 crores** and will be implemented in a period of 7 years. **The Budget provides a provision of Rs 68.57 crores for implementing the Water Resources Consolidation Project in 1995-96.**

20. A new reservoir across **the Malattar River in North Arcot Ambedkar District will be constructed. This project will cost Rs 16 crores. It will benefit 2779.48 acres of dry land.** It will also improve the drinking water supply in Peranambattu town.

21. A new **State Tank Irrigation Project (STIP) will be launched in 1995-96 with an outlay of Rs.10 crores.** This project will exclusively provide for the standardisation and modernisation of irrigation tanks. This project will have two components. The first component will be the standardisation and conversion of ex-zamin tanks and the second component, the standardisation and improvement of other tanks which are with the Public Works Department. All ex-zamin tanks will be properly handed over either to the Panchayat Unions or to the Public Works Department depending on their size, by the end of 1995-96 for further maintenance.

22. The Tank Modernisation Project with EEC assistance will continue to be implemented **in 1995-96 with an outlay of Rs.21.57 crores.** We have approached the EEC for extending the project to cover 100 more tanks with an ayacut of 30,000 acres at a total cost of Rs.14.40 crores. We hope to take up this extension project in 1995-96.

23. An **important project which is being implemented with assistance from the World Bank is the Dam Safety Assurance and Rehabilitation Project.** The outlay for this project in 1995-96 is Rs.2.13 crores. This project will provide basic safety facilities for 12 dams at a cost of Rs 8.10 crores and also rectification measures at a cost of Rs 58.01 crores for another 7 dams.

24. Maintenance of irrigation sources is of the utmost importance. It is also necessary that farmers pay for the cost of maintenance. **The Budget provides Rs 267.50 per hectare for maintenance of large and medium irrigation systems and Rs.297.50 per hectare for maintenance of minor irrigation systems. The total allotment for maintenance is Rs.27.76 crores for major and medium irrigation systems in 1995-96 and Rs.10.71 crores for minor irrigation systems. Included in this is a special provision of Rs 10 crores for the complete restoration of damages caused to irrigation systems by floods.**

25. Members are aware of the herculean efforts of the Hon'ble Chief Minister in furthering the cause of Tamil Nadu in the Cauvery Water Dispute. The Cauvery Water Disputes Tribunal has examined four of the Tamil Nadu witnesses. After examining the remaining Tamil Nadu witnesses and witnesses from Karnataka, Kerala and Pondicherry, arguments will be addressed to the Tribunal. Even though Karnataka did not fully and faithfully comply with the Interim Order of the Tribunal in force from 10.12.1991, the bounty of the monsoons filled the Mettur Reservoir in the last three years, and enabled timely and adequate supplies for the Cauvery irrigation in this State. We hope that Government of Karnataka will implement the Interim Order in the coming season. We urge the Centre to intervene effectively and prevail upon the Government of Karnataka to implement this Interim Order.

RURAL DEVELOPMENT

26. It is this Government's economic philosophy that poverty alleviation is best achieved by farm prosperity and the associated rural development programmes.

27. With the announcement of this Government's intention of holding elections to local bodies in June 1995, we do not anticipate any problem regarding the flow of funds from the Centre for various rural development programmes. Hon'ble Members of the House will be glad to know that **the Jawahar Velai Vaippu Thittam (JVVT) will be implemented in 1995-96 with an outlay of Rs.311.64 crores.** The budget provides for the State's share of Rs.68.84 crores for this programme. **The Employment Assurance Scheme (EAS) will be implemented in 1995-96 with an outlay of Rs.45.80 crores.** The Budget provides for the State's share of Rs.9.16 crores for this scheme. **The Integrated Rural Development Programme (IRDP) will be implemented in 1995-96 with an outlay of Rs.80.30 crores.** The budget includes Rs.42.58 crores as State's share for this programme.

28. In a federal system, the States have certain responsibilities. They should be given enough resources to match these responsibilities. They should not be dependent on discretionary flows of assistance from the Centre. Unfortunately, in vital fields like rural development, agriculture and health and family welfare there is a trend of increasing discretionary flows, whereas the more appropriate course would have been for the Centre to strengthen the resource base of the States to undertake such programmes on their own. Direct intervention by the Centre through release of funds to the District Rural Development Agencies bypassing the States is not at all a healthy trend. While it may be true that in one or two other States there have been problems in the prompt release of the Centre's share to the agencies, the fabric of Centre-State fiscal relations should not be disrupted by such new practices which bypass the State.

29. The basic amenities which are necessary in rural areas have been provided under the Self Sufficiency Scheme. Today, in Tamil Nadu, there are 1,43,266 hand pumps, 28,809 power pumps, 8,62,874 street lights in rural areas. The proper maintenance of these facilities has now been given the highest importance. The Budget provides **Rs.3.19 crores for hand pump maintenance, Rs.2.45 crores for power pump maintenance and Rs.3 crores for street light maintenance.** This is to support weaker panchayats to maintain these facilities in proper order.

30. Even after the provision of all basic facilities there could be local needs which are still to be met. As an important measure to promptly redress such needs, this Government has introduced the District Decentralized Plan. Under this plan it is open to the district

administration to utilise the funds provided for any necessary facility or rural employment oriented programme. **Hon'ble Members of the House will be glad to know that the provision for this plan has been stepped up to Rs.50 crores in 1995-96.**

31. Rural sanitation is of vital importance. We have already implemented a successful project in Marakanam with assistance from DANIDA. We have requested support from DANIDA for a rural sanitation and water supply project to cover South Arcot Vallalar and Villupuram Ramasamy Padayatchiar districts at a cost of Rs.69.30 crores. This project will be implemented in the coming year with assistance from DANIDA. We have made a major start in tackling the problem of rural sanitation under the Central Rural Sanitation Programme (CRSP). **In 1994-95, 59,924 individual household latrines and 260 sanitary complexes for women will be completed in rural areas. A similar target is proposed in the coming year.**

32. **Hon'ble Members of the House will be glad to know that by June 1995, all panchayats in the State will be provided with one colour television set.** This programme is being implemented at a cost of Rs.2.90 crores and 2,000 panchayats will be covered under this programme.

33. In a decentralised system, it is important that the costs of maintaining various services and the revenues are properly balanced. **At the Panchayat Union level we intend to open separate new accounts for irrigation, roads, water supply, forestry and street lighting.** These new accounts will reflect clearly the expenditure on maintenance and the resources flowing to these services.

ANIMAL HUSBANDRY

34. This Government fully recognizes the importance of Animal Husbandry as a key sector of the economy. As a result of sustained policy intervention, Animal Husbandry has been converted from merely a subsidiary occupation in rural areas to a remunerative enterprise. The strategies of genetic improvement through artificial insemination and other breeding techniques, production of balanced feed and fodder and widening of the animal health cover net, have resulted in remarkable increases in the production of milk, meat and eggs in the State. Milk production has reached 3.96 million tonnes in 1994 as against 1.79 million

tonnes in 1982. Meat production has increased to 45.15 million kgs. Egg availability has gone up from 890 million in 1982 to 3066 million in 1994.

35. Recognising the importance of the animal husbandry sector, **a total outlay of Rs.10.62 crores has been provided for livestock development under the World Bank assisted Tamil Nadu Agricultural Development Project.** The Animal Husbandry Department and Tamil Nadu Veterinary and Animal Sciences University are also to be covered under the new Agriculture Human Resources Development Project, also assisted by the World Bank.

36. As already announced, 386 mobile veterinary units, one in each Panchayat Union have been established. **A new programme to encourage self employment among veterinary doctors will be launched in 1995-96 with a provision of Rs 10 lakhs.** Under this programme 66 doctors will be actively assisted with margin money to establish their own veterinary clinics. **The Budget provides for upgradation of 10 veterinary dispensaries as veterinary hospitals.**

37. The Institute of Veterinary Preventive Medicine at Ranipettai is well known for its quality vaccines. **A provision of Rs 42.50 lakhs has been made for strengthening the production of canine rabies vaccine. This will enable the production to be stepped up from 7,500 doses per year to 25,000 doses per year.**

38. An Integrated Dairy Development Project in Tirunelveli-Kattabomman district with assistance from the National Cooperative Development Corporation (NCDC) will be completed in 1995-96 at a total cost of Rs 7 crores. **A new Integrated Dairy Development Project in Kamarajar District at a cost of Rs.4.66 crores will be launched during 1995-96. Under this project, a new dairy at Srivilliputhur with a capacity of 50,000 litres per day will be established. The Budget includes a provision of Rs 50 lakhs for this project.**

39. The milk procurement in the State has increased from 11.83 lakh litres per day in 1992-93 to 14.69 lakh litres per day during 1994-95. We expect to step it up further to 15 lakh litres per day in the coming year. The total dairy capacity in the State has reached 19.64 lakh litres per day with the conversion of chilling centres at Kakalur and Srivilliputhur into dairies. A new major dairy at Solinganallur with a capacity of 4 lakh litres per day has been completed. In the coming year a new dairy at Tiruchirappalli with a capacity of 1.5 lakh litres per day will be completed.

Work on two chilling centres with a capacity of 60,000 litres per day at Kodakkal and Sanur will be completed in the coming year. Chilling capacity at Namakkal, Sankaranandapalayam, Shanmugapuram, Sultanpet, Athur, Perambalur and Karur will be increased by another 2,14,000 litres per day during 1995-96.

40. A total area of 47,000 acres has been covered under the fodder development component of the Tamil Nadu Agricultural Development Project. **During 1995-96 a further area of 57,800 acres will be covered. The Budget provides a sum of Rs.77 lakhs for this programme.**

FISHERIES

41. **The Integrated Marine Fisheries Development Project with assistance from the National Co-operative Development Corporation at a total cost of Rs.15.88 crores** is being implemented with great success in the five coastal districts of Thanjavur, Ramanathapuram, Chidambaranar, Chengalpattu MGR and Kanniyakumari. During 1995-96, **a total number of 1300 fishermen will be assisted to acquire fishing craft, fishing gear and other equipment at a total cost of Rs.3.12 crores.**

42. **We will launch a new scheme to popularise synthetic catamarans during 1995-96. 50% subsidy will be provided for the purchase of synthetic catamarans. This scheme will be implemented at a total cost of Rs.25 lakhs.**

43. Since this Government accords the highest importance to the ecological sustainability of coastal acquaculture, on the basis of the recommendations of an Expert Committee, we have brought forward legislation **to regulate the establishment and management of private sector coastal acquaculture farms in the State.** It is expected that a further area of 1500 acres will be brought under acquaculture during 1995-96 under close environmental supervision.

44. The welfare of the fishermen has been accorded the highest priority by this Government. **The scheme of providing 2,000 pucca houses for fishermen will be continued during 1995-96.** The budget provides for a total outlay of Rs.4.80 crores for this free housing scheme.

45. During 1994-95 a total sum of Rs.9.74 crores has been disbursed to 1.35 lakh fishermen under the Savings-cum-Relief Scheme, to

cover the loss of wages during the off season. This scheme, which has proved to be a major benefit to the fishermen will be continued during 1995-96.

FORESTS

46. Protection of the existing forest cover and expanding the geographical area under forest cover continues to receive highest priority. The forest cover which was 16.8 % of total land area in 1981 has increased to 17.5 % in 1994. **The total plan outlay for the Forestry Sector during 1994-95 will be Rs.50.44 crores.**

47. **A new Forestry Research Education and Extension Project with World Bank assistance has been launched at a cost of Rs.7.54 crores.** This project will cover forestry research and also conservation activities in the Kalakad Tiger Reserve. **The outlay on this project during 1995-96 will be Rs.1.50 crores.**

48. We had formulated a comprehensive Tamil Nadu Forestry Project which had been posed to the World Bank for funding. Based on certain observations by the Ministry of Environment and Forests, Government of India, this project has been recast with a revised project cost of Rs.463 crores. We expect to secure funding for this project in 1995-96 from either the World Bank or the OECF (Japan). This project will provide for conservation of bio-diversity by preventing the destruction of plant species and habitats. The project will cover 13.68 lakh acres of forest area. It will also cover 1000 interface villages.

49. **A new Operation Greening scheme for afforestation of non-forest areas will be launched in 1995-96 at a total cost of Rs.50 lakhs.** A pilot project to conserve mangrove species at Pichavaram will be launched in the coming year. Under the **Tamil Nadu Agricultural Development Project, a total outlay of Rs.12.74 crores has been provided for the forestry component during 1995-96.**

50. Under the Hill Area Development Programme, afforestation and soil conservation works will be carried out in the Nilgiris District. A total **area of 2370 acres will be covered at a cost of Rs.3.24 crores in 1995-96.** Under Western Ghat Development Programme, apart from afforestation, soil engineering and soil protection works in priority watershed areas will be **implemented at a cost of Rs.2.55 crores to cover 5850 acres during 1995-96.**

51. Members of the House are aware of the special measures taken by this Government to safeguard forest wealth. During 1994-95 a total sum of Rs.25 lakhs was allocated for taking up various new forest protection works. **During 1995-96, Rs.26.50 lakhs is to be spent on forest protection activities including the establishment of 21 forest stations.** In addition, a sum of Rs.15 lakhs will be provided for provision of modern arms and ammunition to forest staff deployed in sensitive areas to ensure effective protection of forest wealth.

52. The Tamil Nadu Forest Plantation Corporation will continue to implement a major pulpwood afforestation project to cover 74,100 acres at a cost of Rs.85 crores. **In 1995-96, 12,350 acres will be covered at a cost of Rs.2.50 crores.**

INDUSTRIES

53. The Hon'ble Chief Minister's State specific action plan for accelerated industrial development has been announced in the Governor's address. The details of action being taken in furtherance of this action plan have been given under the different sectors. Hon'ble Members of the House will welcome this concerted action plan to promote industrial development in the State.

54. The main effort would be to develop suitable industrial zones with good quality infrastructure. Hon'ble Members of the House will be glad to know that in 1995-96 **new industries will be located in the growth centres which are coming up at Perundurai in Periyar District and Gangaikondan in Tirunelveli Kattabomman district. TACID will also fully establish industrial centres at Nilakottai in Dindigul Anna District and Bargur in Dharmapuri district in 1995-96.** The Budget includes a provision of Rs 10 crores for the Tamil Nadu Corporation for Industrial Infrastructure Development. TACID will also take up work on establishing a large growth centre at Uthukottai near Madras. **SIPCOT will undertake a new industrial estate covering 600 acres at Cheyyar in Tiruvannamalai Sambuvarayar district at a cost of Rs.17.80 crores. SIPCOT will establish an Export Promotion Industrial Park (EPIP) at Gummidipoondi at a cost of Rs.20 crores.** ELCOT has established an Electronics City at Sholinganallur near Madras. The availability of well serviced industrial sites will provide a great boost to rapid industrial development.

55. Work on the Madras Industrial Park at Sholinganallur near Madras is expected to be commenced in 1995-96. We expect this park to draw US $ 1 billion of foreign direct investment into the State.

56. In 1994-95, TIDCO has supported 18 projects involving a total project cost of Rs.1742.19 crores. **TIDCO will support in 1995-96, 19 projects which involve a total project cost of Rs.5805.93 crores.** This includes a 500 MW thermal power station at Tuticorin to be set up at a cost of Rs.2,300 crores in association with Tamil Nadu Petroproducts Limited (TPL). The budget provides Rs.9.30 crores for TIDCO's programmes. SIPCOT's sanctions in 1994-95 will reach Rs.79.88 crores, being a new record. **The Budget provides Rs.24.92 crores as support for SIPCOT's schemes during 1995-96.**

57. Hon'ble Members of the House are aware that projects are established by agencies like TIDCO in the joint sector, associate sector and escort sector. It is necessary that these investments are recycled to support new projects. Disinvestment from such projects will have to be done automatically and speedily to enable new investments to take place. In respect of projects in the associate sector, **Government has decided that TIDCO can automatically disinvest at the end of a period of 3 years from the date of signing the agreement.** This will enable quick rotation of capital and the financing of new projects.

58. The massive expansion project of the Tamil Nadu Newsprint and Papers Limited (TNPL) undertaken at a cost of **Rs. 525 crores is scheduled to be completed by June 1995.** This project is being implemented with a loan of US $ 75 million from the World Bank. **TNPL has also broken new ground by undertaking exports of paper to Egypt.**

59. As a unique scheme of urban infrastructure improvement going alongwith industrial development, the Tirupur Area Development Programme has been taken up. **A new company, the Tirupur Area Development Corporation Ltd., has been formed to undertake the infrastructure development work. The project cost is estimated at Rs.653.20 crores.** We have requested the Centre to provide Rs 30 crores as their support for the equity of the new company. We expect that work on this project will commence shortly.

60. This Government stands fully committed to the development of small scale and tiny industries. It is to be noted that small scale industries contribute 40% of our total national manufacturing output.

It is a very important sector. The number of permanently registered SSI units in Tamil Nadu has increased from 1,27,202 in 1990-91 to 1,98,699 as at the end of December 1994. **The employment in these units has gone up from 13.74 lakhs in 1990-91 to 21.45 lakhs as at the end of December 1994.** District Level Coordination Committees have been established to expedite the clearances for small scale industries.

61. The Government has placed maximum emphasis on entrepreneurship development schemes. The scheme for encouraging women entrepreneurs has been successful. So far 3400 women entrepreneurs have been trained up to the end of 1994-95. **The Budget includes a scheme to orient 1400 women entrepreneurs in 1995-96.**

62. In 1994-95, SIDCO will complete the construction of 200 industrial sheds at a cost of Rs.8 crores. **In 1995-96, SIDCO proposes to complete the construction of 200 more industrial sheds. SIDCO will establish an industrial estate exclusively for women entrepreneurs near Madras in 1995-96.**

63. As part of the overall drive to simplify procedures and accelerate clearances, **inspections of small scale industries have now been limited to once a year on a random basis.** Only those small scale industries involved in dangerous and hazardous processes, prone to pollution, have to be inspected twice. **The initial licences or renewal of licences can now be given for 5 consecutive calendar years instead of an annual renewal. The schedule of inspection by officers of the Labour Department has been revised to be the minimum required.**

64. While some of the steps announced in the Union Budget for 1995-96 like the constitution of a Technology Development and Modernisation Fund in SIDBI, extension of the National Equity Fund scheme to tiny industries and the plan to establish 100 specialised bank branches are to be welcomed, concerted action by commercial banks to solve the capital needs of this sector is necessary. **We have decided to constitute an expert group to identify certain major product groups and work out specific packages to accelerate investment in small scale industries.**

ENERGY

65. **Tamil Nadu has been free from power cuts in 1994-95 and we expect this happy position to continue in 1995-96.** The Hon'ble Chief

Minister Puratchi Thalaivi Dr. J. Jayalalitha has inaugurated on 15th February 1995, a 210 MW unit at the North Madras Thermal Power Station. Two more units each of 210 MW will be commissioned in 1995-96. 4 units each of 30 MW totalling 120 MW will be commissioned at Basin Bridge in 1995-96. **With so much addition of capacity in 1995-96, the power position in Tamil Nadu will continue to be comfortable.**

66. **The power sector plan outlay has been stepped up from Rs.624.38 crores in 1994-95 to Rs.750 crores in 1995-96.** This will include Rs.520.33 crores on generation and Rs.198.35 crores on transmission and distribution.

67. Promotion of new generation projects in the private sector has been given utmost priority. A 250 MW plant based on lignite, promoted by M/s. ST - CMS Power Company is awaiting the counter guarantee from the Government of India. An immediate start to this project can be made. As already spelt out in the Governor's Address, **action has been initiated for new gas and thermal stations to be installed in the private sector totalling 7120 MW involving an outlay of Rs 29,925 crores.** In addition, 3 diesel plants totalling 400 MW have also been entrusted to the private sector. The final financial feasibility study of the Jayamkondam Integrated Lignite Mining and Power Generation Project will be taken up shortly.

68. With the entrustment of generation to the private sector, the Tamil Nadu Electricity Board is now in a position to improve the outlay on transmission and distribution. The losses on transmission and distribution have been brought down significantly and are currently well below the national average. In 1994-95, 38 new sub stations have been completed. **A comprehensive plan with an outlay of Rs 225 crores funded by the Asian Development Bank (ADB) is being implemented to improve the transmission and distribution net work in the Madras Metropolitan Area.**

69. Even after revision of tariffs, the Tamil Nadu Electricity Board is confronted with a total resources shortfall of Rs.522.32 crores in 1995-96. The continued supply of electricity to farm pumpsets free of cost has imposed a major financial burden on the Tamil Nadu Electricity Board. It is estimated that the total cost of supplying free electricity is Rs 1112.40 crores in 1994-95. As the costs continue to rise, and the Government cannot provide more than Rs 350 crores as cash subsidy and other categories of consumers cannot be charged more, the situation has

become quite complex. The Tenth Finance Commission has also completely disallowed provision of cash subsidy to the Tamil Nadu Electricity Board to cover the cost of free supply of electricity to farm pumpsets. A long term solution will have to be found in due course.

70. Tamil Nadu has placed maximum emphasis on the development of non-conventional sources of energy. **Tamil Nadu stands in the forefront of wind power generation in India with a total capacity of 132 MW, out of the all India installed capacity of 180 MW.** Tamil Nadu's progressive policy of attracting private sector industry to wind generation has been very successful. Tamil Nadu has taken the lead in drawing up a Memorandum of Understanding with Sea Solar of USA for the development of ocean thermal energy. This has a potential for generating 100 MW. **The Integrated Rural Energy Programme will be extended to 4 more Panchayat Unions in 1995-96.** A beginning has been made in installing solar photo voltaic pumpsets on a pilot basis. **50 such solar photo voltaic pumpsets of 600 watts capacity each have been installed in Chengalpattu-MGR and South Arcot Vallalar districts.**

ROADS AND ROAD TRANSPORT

71. We have recognised roads as a key component of the infrastructure sector and will emphasize the development of the road network in the State. **The plan outlay on roads in the year 1995-96 has been significantly stepped up to Rs.153.16 crores as against the outlay of Rs.120.94 crores in 1994-95.**

72. **We are making a total provision of Rs.195 crores for the maintenance of roads in 1995-96. This provision matches with the normative levels prescribed by the Ninth Finance Commission updated to current prices** and it will be adequate to maintain the entire road network of 52,585 KMs.

73. In the year 1991-92 we had launched a special repairs programme to cover the backlog of earlier years in the maintenance of roads. **Including the outlay of Rs.45 crores in 1995-96, we would have spent a total of Rs.186.51 crores on this programme as against the originally envisaged outlay of Rs.150 crores.** Upto the current year, 13,132 KMs of roads have been repaired. **This programme will be completed in 1995-96.**

74. We have a strong commitment to providing good road facilities in rural areas. The Rural Roads Programme was launched to provide connectivity through all weather roads to all villages with a population of more than 1000 as per the 1981 census. **All such villages will be covered in the year 1995-96. The outlay for this programme in 1995-96 will be Rs.18.50 crores. The Bus route improvement programme will also be continued with an outlay of Rs.14 crores in 1995-96.** 350 KMs of newly started bus route roads earlier maintained by local bodies will be brought under Highways department's maintenance under this programme in 1995-96. The programme for roads for rural marketing centres under the Tamil Nadu Agricultural Development Project aims to provide 800 KMs of good roads in rural areas to give access to 20 major marketing centres. **The outlay for this programme has been increased to Rs.12.50 crores in the year 1995-96 from Rs.10 crores for the current year.** Under the Sugarcane Cess Road Development Fund Scheme, an outlay of Rs.6.43 crores will be provided in 1995-96. I am happy to announce that from this year, **we are launching a new scheme for black topping of Panchayat Union roads. The Budget for 1995-96 has a provision of Rs.10 crores for this programme. The Local Roads Grant has been stepped upto Rs. 20 crores in 1995-96.**

75. I am happy to inform the House that we have given special consideration to the special needs of coastal and hill areas of the State and we are launching two new schemes for substantially improving the road network in these areas. The roads in coastal areas suffer from repeated onslaughts of cyclonic storms and adverse weather conditions and their improvement is considered imperative for the growth of industries in these areas. Keeping in view this special requirement, **we are launching a Coastal Roads Improvement Programme (CRIP) with an outlay of Rs.6.50 crores in the year 1995-96. In the first phase, roads in Nagapattinam Quaid-e-Milleth district will be taken up.** Similarly we have recognised the need for improving roads in the hill areas of the State to accelerate their development. **A new Ghat Road Improvement Programme (GRIP) will be launched with a budget provision of Rs.1 crore in the year 1995-96.** In the first phase, the Nilgiris district will be covered under this programme.

76. Hon'ble Members of the House are aware that repeated cyclones and floods have considerably affected the road network, bridges and culverts, especially in coastal areas. **I am happy to announce that we have taken up the rehabilitation of 39 bridges and roads in 9 cyclone and flood affected districts under the Tamil Nadu Agricultural**

Development Project at a total cost of Rs.21 crores. The budget for 1995-96 makes a provision of Rs.7.50 crores for this programme.

77. **We had formulated a project for significant improvements to high density traffic corridors of the State with an outlay of Rs.950 crores to be taken up with assistance from the World Bank.** The World Bank has shown keen interest in funding this project and on its advice we have engaged a consultant to determine the actual roads to be taken up for improvement. The improvement works will involve double laning of 528 KMs of roads and strengthening of 1293 KMs of existing two lane roads along with reconstruction of weak and distressed bridges. The project will completely upgrade the highest density routes in our road system. This project is expected to be fully operational by the end of 1995-96.

78. Tamil Nadu is a highly urbanised state. We have taken special measures to ease the traffic congestion problems in our urban centres. Under the TRAMP component of the Tamil Nadu Urban Development Project, we have taken up 37 works with a total outlay of Rs.148.66 crores in 10 important towns of the State. **The outlay in 1995-96 for this scheme will be Rs.35 crores.** Similarly, to give a fillip to industrial development in the State, we are **launching a Special Programme for Improvements to Roads in Industrial Areas. The 1995-96 budget has an outlay of Rs.2.50 crores for this programme.** This scheme will be in addition to the ongoing programme of special repairs to industrial area roads which will be completed by March 1996 with an outlay of Rs.5 crores in 1995-96.

79. The various technical, environmental and contractual problems in the implementation of East Coast Road Project have been sorted out and the project has shown good progress in 1994-95. **The outlay for the next year on this project is Rs.20 crores.**

80. We are also taking up major new initiatives to build expressways and beltways to urban centres with the participation of private promoters. In **the first phase, high speed expressways between Madras and Kanniyakumari and Madras and Bangalore as also beltways in Madras and Madurai will be taken up.**

81. Hon'ble Members of the House are aware of the critical situation which various State Transport Corporations are facing following the diesel price increase from 2nd February, 1994 and subsequent increase in the prices of various other inputs. With the bus fares remaining constant

since December 1993, the Transport Corporations have not been able to absorb the input price increase and are likely to show a total loss of Rs.130 crores in the year 1995-96. It is becoming increasingly difficult to handle the repeated increases in the price of diesel and other major inputs. Hon'ble Members of the House may like to consider whether an efficiency based normative cost index can be developed based on which annual revision of bus fares linked to costs can be undertaken.

PORTS

82. We have identified ports as a major infrastruture facility essential for promoting industrial development in Tamil Nadu. We plan to take up the expansion and modernisation of various ports in the State in a big way in the coming financial year.

83. **We have been impressing upon the Government of India to take up the development of Ennore Satellite Port on a priority basis.** It is because of these efforts that this project has been commissioned with a total outlay of Rs.590 crores with assistance of Rs.450 crores from the Asian Development Bank. Detailed engineering studies are now underway and the construction work on the Ennore port is expected to commence in early 1996. This port will be a major facility for handling the coal supplies to North Madras Thermal Power Project, Ennore Power Station and Mettur Power Station.

84. With a view to accelerate the development of **intermediate and minor ports in the State and also to ensure better autonomy in their functioning, we have decided to set up a Maritime Board in Tamil Nadu. The Tamil Nadu Maritime Board Bill will be presented before the State Legislature after getting clearance from Government of India.** The Maritime Board will provide a major impetus to the growth of intermediate and minor ports in the State. We are actively considering the various options for taking up the development of Cuddalore and Nagapattinam ports on a large scale. **Cuddalore port development is envisaged as part of Cuddalore Power Project.** The total investment required is estimated to be Rs.600 crores and it will be mobilised through private sector participation. **We plan to develop Cuddalore port into an all weather multi-cargo port.** Similarly we have identified in Nagapattinam port the potential to grow into a specialised oil handling facility and will undertake the development of this port in association with Madras Refineries Limited.

85. We have carefully analysed the locational and natural advantages and also the excellent hinterland characteristics of Tuticorin port. **We would impress upon the Centre to immediately take up the expansion of this port and to develop it into a major trans-shipment terminal with port storage facilities to international standards, capable of handling various types of cargo using "state of the art" infrastructure.**

URBAN DEVELOPMENT

86. Hon'ble Members are aware that Tamil Nadu is a rapidly urbanizing State which requires major investments to tackle problems of urban congestion and improved living standards for the rural poor. This requires mobilisation of resources not only from the public sector but also from the private sector. Mobilisation of resources for infrastructure projects from the private sector and capital markets is a function which will require a specialised agency. **The Government proposes to create a new urban infrastructure financing institution to take care of infrastructure financing.** Initially this institution will commence with a corpus of Rs.175 crores based on the transfer of assets from the ongoing Municipal Urban Development Fund. The new institution will also mobilise resources by the issue of bonds from All India financial institutions. These funds will be utilized for infrastructure projects in municipal areas.

87. **The State will also take up schemes under the new USAID sponsored Financial Institution Reform and Expansion (FIRE) project.** This project aims at providing funds for viable infrastructure projects through development of the debt market in the country.

88. During 1994-95, the Government of India approved 39 projects with an investment of Rs.8.39 crores in the towns of Adiramapattinam, Ponneri, Manamadurai, Usilampatti, Avinashi, Sathvacheri, Palladam, Kothagiri, Sulur and Thiruvallur. We have approached the Government of India to take up 49 more projects with an investment of Rs.8.30 crores in the towns of Poovirundavalli, Kangeyam, Veerappanchatram, Kasipalayam, Kulithalai, Vandavasi, Inam Karur, Tiruchendur, Sholingar, Vaniyambadi and Koothanallur.

89. **The Tamil Nadu Urban Development Project will be implemented during 1995-96 with a stepped up outlay of Rs.202 crores including budgetary support of Rs.112 crores.** We have approached the World Bank to extend this project by a further period of two years.

MADRAS CITY DEVELOPMENT

90. **Hon'ble Members of the House are aware of the Madras Vision 2000 programme which has been launched.** This programme has been drawn up with the vision of making Madras a premier metro city by the year 2000.

91. In my last budget speech I had indicated that the total outlay on this programme would be Rs.4000 crores. We have launched this programme in 1994-95 and very good progress is being made. **We are now confident that this investment outlay of Rs.4000 crores can be ensured in the next 5 years.** The water supply and sewerage component in this programme costing Rs.1600 crores has been tied up with the World Bank and will be taken up in 1995-96. The electricity transmission and distribution improvement as also the provision of a peaking capacity of 120 MW at a total cost of Rs.650 crores is under execution with assistance from the Asian Development Bank and the OECF (Japan). The outlay on upgrading and debottlenecking of the road system and traffic management system has been estimated at Rs.300 crores. Rs.55 crores has been incurred in 1994-95 and the outlay in 1995-96 will be Rs.65 crores. The environment sanitation component and the City Water Ways Improvement Project involve an outlay of Rs.400 crores. We have impressed upon the EEC to fund the City Waterways Project and we hope to obtain their approval in the coming year. The storm water drainage component has already been taken up and the outlay in 1995-96 will be Rs.12 crores. Under housing development, the outlay will be Rs.175 crores. As part of the city transportation plan, we are hoping to make a start on the MRTS Phase II in 1995-96. **It may thus be seen that good progress has been made under all components of the Madras Vision 2000 programme.**

92. The investment needs of a metro city like Madras are very high. This requires a special organisation. **We are now in the process of forming a Metropolitan Infrastructure Development Corporation. The Budget includes Rs.20 crores as the State's share towards the equity support to this Corporation.** The Centre has promised a matching share of Rs.20 crores. This Corporation will thus be in a position to take up key investments in the Madras Metropolitan Area. **The capital budget of the Madras City Corporation has been stepped up from Rs.22 crores in 1991 to Rs.118 crores in 1994-95.**

HOUSING

93. As Hon'ble Members are aware, this Government accords very high priority to Housing. Housing as an economic activity, holds a very important place as it provides considerable employment and spurs overall economic activity. I had informed the House during my last Budget speech, that a survey had been commissioned to ascertain the exact demand for housing. The survey has been completed and its results are currently under examination. Based on preliminary data, it is estimated that we should create at least 1.40 lakh housing units. Both State agencies and the private sector will be encouraged to quickly tackle the balance requirement.

94. The Tamil Nadu Housing Board will develop 8,000 house sites under TNUDP at a cost of Rs.50.50 crores during 1995-96. In addition, **12,100 housing units will be built at a cost of Rs.191.50 crores. Urban Housing Co-operatives will support the construction of 10,000 houses in 1995-96 with an outlay of Rs.80 crores.**

95. The Tamil Nadu Slum Clearance Board will construct **4,000 tenements and houses at a cost of Rs.8 crores during 1995-96. In addition, 2,000 families will be covered during 1995-96 under the pavement dwellers' scheme.** A project report for Rs.100 crores seeking financial assistance from the World Bank has been sent to Government of India for rehabilitation of 55,000 families living in vulnerable areas like river banks, public utility areas and road and rail alignments.

96. **During 1995-96, 40,000 houses will be provided under the Rural Housing Scheme through the Taluk Housing Co-operatives. The Budget provides Rs.6.40 crores for this scheme. The scheme for Shelter Upgradation in Rural Areas (SHUPRA) will be extended to cover a further 10,000 families during 1995-96.** The Budget provides Rs.1.50 crores for this scheme.

97. A new scheme, as part of the JVVT, to provide free houses with concrete roofs to the non-Scheduled Caste rural poor has been launched. **The total cost of this scheme will be Rs.13.81 crores of which Rs.4.60 crores will be the outlay under the housing sector. 6,577 houses will be given free of cost to the rural poor in 1995-96.**

DRINKING WATER SUPPLY

98. This Government places the greatest emphasis on ensuring adequate supply of drinking water. **The outlay on water supply and sewerage has been substantially stepped up to Rs.419.97 crores in 1995-96 from Rs.387.72 crores in 1994-95.**

99. The Governor's address has detailed the various projects to be taken up for improving the water supply and sewerage situation in Madras city. **The New Veeranam Project will be taken up in 1995-96 at a total cost of Rs.1638 crores to bring 180 million litres of water per day to the city. The Budget includes a provision of Rs.159.74 crores for this project.**

100. Hon'ble Members of the House are also aware that thanks to the efforts of the Hon'ble Chief Minister Puratchi Thalaivi Dr.J. Jayalalitha, **Andhra Pradesh has finally agreed to supply 3 TMC of water for Madras in the first stage under the Telugu Ganga Project by December 1995. According to the revised tentative cost of Rs.2190 crores for the Telugu Ganga Project as furnished by Andhra Pradesh, Tamil Nadu's share works out to Rs.521 crores. So far Tamil Nadu has provided Rs.367 crores. The Budget includes a provision of Rs.75 crores as further payment to Andhra Pradesh.** We shall enhance this suitably as may be needed, based on the pace of implementation by the Andhra Pradesh Government and also the finalisation of the scheme estimates. **The Budget also includes Rs.14.55 crores for works associated with this project implemented by the Public Works Department within Tamil Nadu.** Once the 3 TMC of water is received in December 1995, the city should be ready to receive and distribute the water. For this purpose a **Rs.177 crore programme has been launched** and will be completed in 1995-96. The Budget provides Rs.10 crores for this project.

101. We have taken up with the **World Bank the funding of a Rs.1231 crore project to handle the 12 TMC of water ultimately expected under the Krishna Water Supply Scheme.**

102. We shall make a start in 1995-96 to **implement the OECF (Japan) supported Sewage Renovation Project which is to be implemented at a cost of Rs.572 crores. The Budget includes a provision of Rs.5 crores for this project.**

103. The ongoing Rs.252 crore Madras Metropolitan Water Supply and Sanitation Project will be continued to be implemented in 1995-96. **The Budget includes a provision of Rs.40 crores for this project.**

104. The Tamil Nadu Water Supply Project implemented with World Bank assistance has come to an end on 31st December 1994. Members will be happy to note that the work on the schemes for augmenting water supply in Coimbatore, Madurai and Salem has been completed.

105. Full fledged protected water supply schemes to 96 municipalities in the State will be completed in 1995-96. Augmentation schemes for 8 municipalities will be completed in 1994-95. During 1995-96 augmentation schemes will be completed in 5 municipalities namely, Karur, Hosur, Edappadi, Udhagamandalam and Dindigul. Work will be taken up in two other municipalities in 1995-96.

106. Tamil Nadu has 355 urban town panchayats and 265 rural town panchayats. **Protected water supply has been given to 307 urban town panchayats and 157 rural town panchayats by the end of 1994-95. In 1995-96, 10 urban town panchayats and 33 rural town panchayats will be provided protected water supply.**

107. The funding arrangements to meet improved water supply conditions in urban areas including town panchayats are not adequate. At present we get some funds from the Life Insurance Corporation for these schemes but the demand is much more. Further, municipalities cannot take up by themselves even small schemes costing more than Rs.5 lakhs as this is the limit fixed in the TWAD Board Act. We shall bring in comprehensive measures including amendments to the TWAD Board Act to enable better funding for water supply schemes. Our target is to provide **at least Rs.25 crores additionally in 1995-96 by tapping institutional finance for water supply schemes.**

108. Members of the House are aware that a detailed resurvey was carried out during 1992 to ascertain the status of rural habitations with regard to the availability of water. Based on this resurvey, we have decided to cover all the habitations which have not been covered by any protected source of water supply and those partially covered habitations with water availability of less than 20 litres per capita per day. So far, since1.4.92, including targeted coverage during 1994-95, totally 9,300

habitations have been covered. As on 1.4.95, there will be 1,037 habitations still not covered by any protected source of water supply. **All these remaining 1037 habitations will be provided with protected water supply by December 1995.**

109. Adequate supply of drinking water to the rural areas has been accorded the highest priority by this Government. The Tamil Nadu Rural Water Supply and Sanitation Project, at a cost of Rs.894 crores covering 40 rural town panchayats and 9,938 rural habitations has been posed to World Bank for assistance. We shall pursue this further with the Government of India and with the World Bank so that this project can be taken up for implementation at the earliest.

110. **The total outlay on rural water supply has been enhanced to Rs.186.41 crores. This represents a significant step up over the outlay of Rs.127.60 crores in the current year.** Members of the House are aware that for the Accelerated Rural Water Supply Programme we had sought Central assistance to the tune of Rs.50 crores during 1994-95. We are likely to receive Rs.38.84 crores for the current year. During 1995-96, we expect an allocation of Rs.40 crores under this scheme.

111. At the specific intervention of the Hon'ble Chief Minister, an assessment was made of the lack of basic water supply facilities to Adi-Dravidar habitations. Based on this assessment, the Government of India has agreed to our request for a special allocation under the Accelerated Rural Water Supply Project to cover Scheduled Caste/Scheduled Tribe habitations. **Members of the House will be very happy to know that 570 Adi-Dravidar/Tribal habitations are being covered at a cost of Rs.10.42 crores in 1994-95. In 1995-96, 613 habitations at a cost of Rs.11.58 crores will be covered.** With this, every **Adi Dravidar habitation in the State will be given protected water supply by December 1995.**

112. **A new comprehensive programme of piped water supply in areas affected by excess fluoride has been taken up. This scheme will cover the affected areas in Dharmapuri, Salem, Tiruchirappalli, Coimbatore and Periyar districts. This scheme will cover 458 habitations at a cost of Rs.42.27 crores in 2 phases.** The Budget for 1995-96 provides Rs.33.60 crores for this scheme.

113. A **new scheme to provide safe drinking water supply to habitations affected by high salinity has been launched. This scheme will cover 160 coastal fishermen habitations at a cost of Rs.6.40 crores.**

ENVIRONMENT

114. This Government accords the highest priority to safeguard the environment and to ensure sustainable development. Apart from the regulatory role played by the Tamil Nadu Pollution Control Board, there is a need to have an organisation to carry out developmental activities in the field of environment. **To achieve this objective, a new Department of Environment will be established during 1995-96. This new Department will take up the State Action Plan under Agenda 21,** a programme which was drawn up by the UNCED at Rio-de-Janeiro in June 1992.

115. The Tamil Nadu Pollution Control Board has been effectively carrying out the responsibility of monitoring the levels of pollution caused by 17 highly polluting industry groups. Out of the 119 industrial units identified for pollution control monitoring, 59 units have already provided for adequate facilities in compliance with the standards. The remaining units are also quickly falling in line to comply with the standards.

116. We have taken effective action to control the problem of tannery effluents. **TNPCB has put up a Common Effluent Treatment Plant (CETP), at Pammal at a cost of Rs.7.03 crores. TALCO is establishing Common Effluent Treatment Plants at Vaniyambadi, Ambur, Pernambattu, Ranipettai, Tiruchirappalli and Dindigul at a revised cost of Rs.27.08 Crores.** This Government will provide Rs.2.68 crores additionally as its share in the revised cost. We would urge the Centre to provide Rs.3.08 crores as its additional share in the revised cost. The Tamil Nadu Pollution Control Board will be **establishing 23 Common Effluent Treatment Plants to cater to the textile dyeing industry.** These plants will cover a total number of 1847 units in Chengalpattu- MGR, Periyar, Salem, Tiruchirappalli and Coimbatore districts.

117. Under the National River Action Plan, the assistance of Government of India has been sought for taking up pollution abatement activity in 5 selected stretches of the Cauvery river at a total cost of Rs.38.20

crores. These 5 stretches are at Erode, Tiruchirappalli, Kumarapalayam, Pallipalayam and Bhavani. **The Budget for 1995-96 provides Rs.2 crores for this purpose.**

118. In addition, the OECF(Japan) has been approached with a revised project report at a cost of Rs.421.75 crores to take up the environmental improvement and pollution prevention in the Cauvery river. We expect this project to be included in the pipeline of assistance during 1995-96.

119. A revised project report **at a cost of Rs.355.30 crores for Pollution Abatement in the City Waterways of Madras has been posed to the European Economic Community for assistance.** This project has been prepared on the basis of detailed studies on sludge removal and disposal and related aspects in Madras City. We would urge the Government of India to ensure that this project is taken up for external assistance in the coming year.

120. A project to **tackle sea erosion in certain badly affected coastal areas at a total cost of Rs.50 crores has been sent to the Government of India to be posed for external assistance.** The Dutch Government has shown interest in this project. Under this project, certain innovative permanent protection works will be taken up for coastal areas prone to erosion. **The Budget includes a provision of Rs.1.31 crores for prevention of sea erosion.**

121. A new programme to monitor the pollution caused by motor vehicles was launched during 1994-95. This programme will be continued during 1995-96 at a total cost of Rs.5 lakhs. A new scheme for monitoring ozone depletion will be launched at a cost of Rs.2.75 lakhs. Under this scheme industrial units producing or using ozone depleting substances will be monitored.

EDUCATION

122. Education continues to be the single largest sector with an outlay of Rs. 2233.17 crores in 1995-96.

123. The Hon'ble Chief Minister Puratchi Thalaivi Dr.J.Jayalalitha has set the goal of "Education for All" by 1998. This involves several complementary steps to be taken up in a coordinated manner. The Budget provides for these programmes. The pride of

place has now been given to elementary education, with a special focus on primary education. We have undertaken detailed demographic calculations and spatial distribution exercises to determine the adequacy of schooling facilities. With the dramatic fall in the birth rate, Tamil Nadu is in the happy position of witnessing a real decline in the number of children due to enter school from 1995 onwards. This means that in future we do not have to invest more on new facilities but can concentrate on improving the quality in the existing facilities. The Budget provides funds to open 100 new primary schools in 1995-96. This will enable tackling remote and difficult locations. This will also ensure complete satisfaction of the norm of one primary school within a distance of 1 kilometre for every habitation with 500 population.

124. We shall now attend to qualitative aspects. It is with this purpose that the syllabi and text books for Class I, VI and XI are being redesigned. Teachers are to be trained in the concept of Minimum Levels of Learning (MLL) and the Class I textbooks have been redesigned keeping this in mind. The World Bank assisted District Primary Education Project has been launched in the 4 educationally backward districts of Dharmapuri, Tiruvannamalai Sambuvarayar, South Arcot Vallalar and Villupuram Ramasamy Padayatchiar districts at a total cost of Rs 120 crores. **The Budget makes a total provision of Rs.1.50 crores for this project in 1995-96.**

125. **The Educational Infrastructure Programme (EIP) has been launched by this Government in 1994-95.** Under this programme adequate infrastructure will be created for all Higher Secondary schools, High schools, Middle schools and Primary schools throughout the State in a 3 year period commencing from 1994-95. As per a detailed survey, 7202 Primary schools and Middle schools have to be provided with additional pucca buildings. 1600 buildings have been taken up in 1994-95. **2802 additional buildings will be constructed in 1995-96. In 1995-96, all the 3073 Middle schools for girls will be provided with toilet facilities at a cost of Rs 3.42 crores.**

126. The Educated Volunteer Service Scheme (EVSS) has been implemented in the State to cover non-starter and drop out children in the 6 - 14 age group and put them back in the formal education stream. 3.5 lakh children have been covered in the first year. **It is planned to cover 10 lakh children in 1995-96.**

127. With the proper coverage of primary schools in the State and the special emphasis now accorded for enrolment and retention as also the support schemes for non-formal education, Tamil Nadu is in a position to make compulsory education a reality. Hon'ble Members of the House may recall the path breaking legislation enacted by this Assembly in April 1994. The Bill is awaiting the assent of the President. **We would urge the Centre to accord early approval as we have the necessary strengths to implement this legislation.**

128. **In the coming year, 25 Primary schools will be upgraded as Middle schools and 40 Middle schools will be upgraded as High Schools and 30 High schools will be upgraded as Higher Secondary schools.** Under the Educational Infrastructure Programme. **797 additional buildings for High/Higher Secondary schools will be taken up in 1995-96. 1967 High and Higher Secondary schools will be provided with girls' toilets. The Budget includes a provision of Rs 2 crores for this purpose.** Drinking water will be provided for 840 High and Higher Secondary schools under this programme. The Government's plan is to provide complete infrastructure including play grounds, play materials, live fencing, science laboratories and libraries. **The three year Educational Infrastructure Programme will be implemented in 1995-96 with a total outlay of Rs 160.24 crores including resources from the public, Parent Teachers Associations and others.**

129. Under the Arivoli Iyakkam, the total literacy programme will be extended to Madras and Villupuram Ramasamy Padayatchiar districts in 1995-96. About 4.8 lakh illiterate persons will be covered in these two districts. **So far 82.60 lakh persons have been covered under the Arivoli Iyakkam in Tamil Nadu. Tamil Nadu's performance has been highly commended by UNESCO. The Budget makes a provision of Rs 5 crores for this programme.**

130. A new non-formal education scheme to cover 6 blocks and Madras city will be launched in 1995-96. This scheme will be specifically targeted at those areas where child labour is prevalent.

131. Our whole emphasis in collegiate education hereafter will mainly be on qualitative aspects. **The Budget provides Rs.42.75 lakhs for improvements to Government colleges.** The State Council for Higher Education and the respective Universities are well organised to launch a qualitative improvement plan for the existing colleges. The question of financing higher education has been under examination. The Budget

provides a total amount of Rs. 213.28 crores for all types of higher education. The actual cost being recovered is only Rs.2.93 crores. Nearly 40% of the students are fully exempted from tuition fees. Nearly two-thirds are supported by some form of fee concession. We have recently launched a loan scholarship scheme at a cost of Rs.25 lakhs. **This scheme will be expanded gradually to go along with the improvement in cost recovery from higher education.**

132. We have given technical education the highest importance. We have the **second highest enrolment in technician education in the country.** The percentage of this enrolment to total population is nearly double the all India level. The World Bank supported Technician Education Project is being implemented at a total cost of Rs.76 crores. 24 new diploma and 2 post-diploma courses have been introduced in emerging areas of technology. Aided polytechnics will also be given loan assistance to undertake building construction to support their teaching programmes. **The Budget provides Rs.11 crores for this project.**

133. Hon'ble Members of the House are aware of the great interest taken by the Hon'ble Chief Minister Puratchi Thalaivi Dr. J. Jayalalitha in the development of sports in Tamil Nadu. The splendid Jawaharlal Nehru Stadium was built in a record time of 7-1/2 months under her guidance. A rural sports development programme is under implementation in all blocks of the State. Sportspersons have been given tremendous incentives to seek excellence. The sports hostels programme has been revamped. Madras will have the proud privilege of hosting the next mega-event namely, the VII South Asian Federation Games in December 1995. **This games project will be implemented at a total cost of Rs 125 crores. This project includes the games village at a cost of Rs 70 crores at Koyambedu being built with institutional finance, stadia facilities for tennis, hockey, gymnastics, aquatics and a shooting range of international standards at a cost of Rs 45.46 crores.** In view of the large financial requirements, this Government would urge the Centre to provide special support of at least Rs 25 crores for holding these games.

TAMIL DEVELOPMENT AND CULTURE

134. The Hon'ble Chief Minister Puratchi Thalaivi Dr.J. Jayalalitha spared no effort in making the Eighth World Tamil Conference at Thanjavur held in January 1995 a resounding success. **The Hon'ble Chief Minister has highlighted at the conference that the future**

belongs to "Scientific Tamil" and declared "Indrum Tamil Endrum Tamil", "Tamil Today, Forever Tamil", as the slogan of the conference. Hon'ble Chief Minister Puratchi Thalaivi Dr. J. Jayalalitha also announced a well defined 9 point plan of action to promote Tamil language and culture. **The Budget includes an initial provision of Rs 25 lakhs for the revival of the World Tamil Sangam at Madurai.** A provision has been made for the preparation of a Comprehensive Tamil Encyclopaedia and the completion of the Tamil Etymological Dictionary. A grant of Rs 75 lakhs has been given to the Karanthai Tamil Sangam for setting up a youth hostel and for other activities. **We shall establish a Chair for Tamil studies in the Mauritius University.** Rs 10 lakhs has been given to to Dharmapuram Gnanambikai Government College for Women at Mayiladuthurai.

135. Special efforts will be taken in 1995-96 to popularise the use of "Scientific Tamil". The Tamil University will be strengthened to undertake work on popularising computer use in Tamil. A committee of experts to review the use of Tamil software and to standardise the Tamil computer key-board will be established.

136. Hon'ble Members of the House are aware that we have taken up the restoration work of the Thirumalai Naicker Mahal at Madurai at a cost of Rs 78.30 lakhs. This will be completed by March 1996. In the coming year, **the Government Oriental Manuscript Library in the Madras University campus will be airconditioned, renovated and refurnished at a cost of Rs.23.62 lakhs.** A new Museum for Dindigul-Anna district at Palani will be started. **The Bronze Gallery at the Madras Museum will be air-conditioned at a cost of Rs.22 lakhs,** in order to preserve the priceless treasures. We have formulated a detailed proposal for the establishment of a new Buddhist Centre to house the precious Amaravathi Sculptures. The Coimbatore Music College will have a new building in the coming year at a cost of Rs 10 lakhs.

HEALTH AND FAMILY WELFARE

137. The outlay on Health and Family Welfare in 1995-96 **will be increased to Rs 688.85 crores as against Rs.643.14 crores in 1994-95.**

138. We have placed the greatest emphasis on the development of a good primary health care system. Tamil Nadu has 8681 health subcentres and 1446 primary health centres. **Hon'ble Members of the House will be glad to know that 70 new Primary Health Centre buildings**

will be built in 1995-96. The Budget includes a provision of Rs.1.75 crores for this scheme.

139. The Puratchi Thalaivi Dr. J. Jayalalitha School Health Programme has been extremely successful. **62 lakh children have been examined so far and necessary treatment has been given.** These school health camps have been commended by international agencies as a very cost effective way of reducing the burden of disease in society.

140. This Government has taken special steps for the provision of adequate facilities at taluk hospitals. It will **be ensured that every taluk hospital is provided with minimum specialities like gynaecology, paediatrics and opthalmology.** Taluk hospitals having more than 50 beds will have certain additional specialities like orthopaedics, dentistry etc. **Telephone facilities will be provided to all the remaining 40 taluk hospitals which do not have telephones.**

141. It has been estimated that 38 taluk hospitals do not as yet have X-ray facilities. **In the coming year, the Budget provides Rs.1 crore for a special scheme to provide X-ray facilities to 20 taluk hospitals.**

142. The facilities in District Headquarters Hospitals will be improved. **8 District Headquarters Hospitals will be provided with cold storage facilities for their mortuary blocks at a cost of Rs 76 lakhs.** With this, all the District Headquarters Hospitals will be covered with this facility. **Patient waiting rooms with toilet facilities will be provided in 15 District Headquarters Hospitals at a total cost of Rs.22.50 lakhs.**

143. **Accident Trauma Wards will be established in Ulundurpettai, Hosur and Sriperumbudur taluk hospitals at a total cost of Rs 45 lakhs.**

144. Tamil Nadu continues to be in the forefront in implementing various externally aided projects in the health sector. Under the India Population Project V, it is proposed to utilise the savings for upgrading referral services in taluk and district hospitals with particular reference to maternal and child health care.

145. **The World Bank supported AIDS Prevention Programme is being implemented through the Tamil Nadu AIDS Society. The outlay on this project in 1995-96 will be Rs 2.50 crores.** We hope that DANIDA will support a new health care project to cover Dharmapuri, Thanjavur and Nagapattinam Quaid-e-Milleth districts at a revised cost of Rs 50 crores.

146. The National Project for Control of Blindness is being implemented in Tamil Nadu at a cost of Rs 64 crores. Under this project, 24 additional opthalmic wards with a total of 1470 beds will be added to various hospitals. 5 operation theatres will be taken up for construction. The objective is to clear the backlog of cataract cases in 3 years and reduce the prevalence of cataract from 1.6% to 0.3% by 2000 AD.

147. Hon'ble Members of the House are aware of the special efforts which have been taken to streamline the supply of drugs and medicines. **The Budget includes a provision of Rs 96 crores for supply of drugs and medicines in 1995-96.** This will ensure that better quality drugs with proper packing are supplied. The Tamil Nadu Medical Services Corporation will undertake the supply of drugs.

WOMEN'S DEVELOPMENT, CHILD WELFARE AND NUTRITION

148. Hon'ble Members of the House are aware of the well thought out comprehensive policy for women announced by the Chief Minister in the Women's Summit held on 9th March 1994. This Government's policy on women includes as an essential feature the empowerment of women through provision of self-employment opportunities and improved training. It is with this objective in mind, that we have significantly stepped up the outlay for the **Tamil Nadu Women's Development Project supported by the International Fund for Agricultural Development (IFAD) to Rs.10 crores in 1995-96.** This project is being currently implemented in Dharmapuri, Salem, South Arcot Vallalar, Madurai and Ramanathapuram districts and it is proposed to extend the project to three more districts, viz. North Arcot Ambedkar, Tirunelveli-Kattabomman and Kamarajar. **This project will benefit 16,100 women in 1995-96. We have also launched a new self-employment scheme for women belonging to economically weaker sections in urban areas at a cost Rs.35 lakhs. This scheme will benefit 3,500 women in 1995-96.** The Integrated Rural Development Programme will also be focussed to cover a larger number of women. **Our target is to cover in all 1.5 lakh more women in 1995-96 in various avenues of self employment.**

149. Hon'ble Members of the House are aware of the importance attached by this Government to the implementation of the **Puratchi Thalaivi Dr.J.Jayalalitha 15 Point Programme for Child Welfare**

launched by the Chief Minister on 14th November 1993. We have made sustained progress in implementing each of the points laid out in the 15 Point Programme. **All the goals set out in the programme will be achieved by the targeted dates. The Child Welfare Sub-Plan launched during the current year will continue to be implemented during 1995-96 with a stepped up outlay of Rs.768.62 crores.** The components of the sub-plan are detailed below:

	Outlay (Rs. in crores)
*Provide for safe birth and enhance birthweight of a child to 3kg.	79.00
*Elimination of Vaccine preventable diseases	4.84
*Reduction of infant mortality to less than 30 per 1000	6.67
*Reduction of severe and moderate malnutrition among children	328.84
*Elimination of micro nutrient deficiencies	5.35
*To make all hospitals and maternity centres "Baby Friendly"	8.52
*To liberate women from the shackles of early and frequent child bearing	90.21
*Universalisation of compulsory primary education	90.17
*Raising women's literacy and status	40.41
*Safe drinking water supply and better access to sanitary facilities to child welfare centres	96.98
*Elimination of child labour	0.13

	Outlay (Rs. in crores)
*Implementation of Girl Child protection scheme	10.00
*Eradication of social evil of female infanticide	0.45
*Prevention of childhood disability and early detection for rehabilitation	6.80
*Early identification of congenital heart diseases	0.25
Total Child Welfare Sub Plan	**768.62**

150. The Puratchi Thalaivi Dr.J.Jayalalitha Girl Child Welfare Scheme launched with the objective of preventing female infanticide, providing continued support to the girl child and promoting the small family norm has been a tremendous success. So far, 14,781 children have been enrolled under this project. **The Budget for 1995-96 provides a sum of Rs.4 crores for this scheme.**

151. The overall outlay on the Puratchi Thalaivar Dr.MGR Nutritious Meal Programme and the Tamil Nadu Integrated Nutrition Project has been enhanced to Rs.367.97 crores during 1995-96 from Rs.345.36 crores in 1994-95. **Members of the House will be extremely glad to know that all the Panchayat Unions in the State have been covered under the Tamil Nadu Integrated Nutrition Programme and the Integrated Child Development Services Project (ICDS) during 1994-95.** Tamil Nadu thus has the proud record of offering complete growth monitoring and supplementary nutrition cover to the children in the age group of 6 to 60 months.

152. Tamil Nadu has been a pioneer in implementing nutrition programmes particularly the Mid-day Meal Programme. This programme in Tamil Nadu covers 60.97 lakh children in schools and 11.56 lakh children in pre-schools. The outlay on implementing the school component in 1995-96 will Rs.233.10 crores. The Central Budget indicates that the Central Government would be willing to participate in phased expansion of

these schemes. Tamil Nadu has been implementing an expanded school nutritious meal programme from 1982-83 and Tamil Nadu is the leading State in the country in this regard. It will be most tragic if the Centre extends support only to those States newly undertaking this scheme. We wish to caution the Centre against any such partisan approach. We would urge the Centre to give full support to Tamil Nadu's existing programme.

WELFARE OF THE HANDICAPPED

153. Tamil Nadu has been in the forefront of ensuring the welfare of the handicapped. We are the first State in the country to formulate a comprehensive policy for the welfare of the handicapped. This comprehensive policy launched on 3rd December, 1994 aims at early detection and provision of comprehensive service in the medical, vocational, economic and social spheres, to ensure that all handicapped persons become self-supporting citizens and an integral part of the society. Programmes for the visually challenged, hearing challenged, locomotor challenged, mentally challenged and mentally ill are included in the Budget. This Government will actively support non-governmental organisations (NGO's) to undertake programmes for the physically handicapped.

154. **37,121 physically handicapped persons are being covered under the pension scheme. The total provision for this scheme in 1995-96 is Rs.3.35 crores.** This Government will continue to attach the highest importance to ensure that the handicapped are provided the best care and facilities so that they can live a life of dignity.

WELFARE OF SCHEDULED CASTES AND SCHEDULED TRIBES

155. The total outlay for Scheduled Castes and Scheduled Tribes has been stepped **up from Rs 151.28 crores in 1994-95 to Rs 193.75 crores in 1995-96.**

156. This Government places the highest emphasis on the all round development of the Scheduled Castes and Tribes. **A High Power Committee including Cabinet Ministers has been continuously monitoring the implementation of the special programme of providing basic needs.** It is the intention of this Government to complete this

programme by March 1996. I wish to highlight the physical targets for each component under this programme as also the outlays:

Scheme	Target by 1995-96	Total outlay (Rs. in crores)
Acquisition of land for house-sites	5 lakhs	24.19
Acquisition of land for burial grounds	2123 habitations	9.00
Pathways to burial grounds	3076 habitations	24.64
Link Roads	2309 habitations	35.52
Street lights	2085 habitations	3.34
One hut-one light	2 lakh huts	25.50
Drinking water	2754 habitations	10.35
Dais training	5000 women	0.70
First aid training to Adi-Dravidar Girls	30000 girls	3.00

157. The Hon'ble Chief Minister Puratchi Thalaivi Dr.J. Jayalalitha has launched in December 1994, a comprehensive programme for the benefit of Scheduled Castes. Accordingly, the Budget includes various provisions for implementing this programme. **The Adi Dravidar Girl Child Support Scheme will be extended to Chengalpattu M.G.R, North Arcot Ambedkar, Salem, Tiruchirappalli and Nagapattinam Quaid-e-Milleth districts at an annual cost of Rs 1.50 crores.** A provision of Rs 25 lakhs has been made for the new special scholarship scheme to cover those with an annual income limit of Rs 50,000, the existing scheme being limited to those families whose income is below Rs 24,000 per annum. A provision of Rs 36 lakhs has been made for the new merit reward scheme to benefit 1000 girl students and 1000 boy students. The Budget includes a provision of Rs 10 lakhs for the creation of a new endowment in the name of Mayor Shivaraj. **Rs 15 crores has been included in the Budget for the house upgradation scheme to benefit 30,000 Adi-Dravidar families. A provision of Rs 10.50 crores has been made in 1995-96 to complete the target of distribution of house-sites to 5 lakh Adi-Dravidar**

families. A provision of Rs 3 crores has been made to supply television sets to 2000 Adi-Dravidar habitations. Construction of community halls in 1000 Adi-Dravidar habitations will be taken up under the Jawahar Velai Vaipu Thittam (JVVT). **Sanction for the provision of 1000 lorries to Adi-Dravidar youth with loan and subsidy support has already been issued. This will cost Rs 25 crores. Rs 5 crores will be spent on creating self-employment opportunities to benefit 10,000 Adi-Dravidar women.** A new Dr. Ambedkar Award for selfless service for the benefit of Scheduled Castes and Scheduled Tribes will be given in the coming year. This prestigious award which will carry a prize amount of Rs 1 lakh will be given to one person for the most outstanding service to the cause of the Scheduled Castes and Scheduled Tribes.

158. In the coming year 20 new hostels will be established. A **provision of Rs 4 crores for construction of hostel buildings has been made.** All hostels will be provided with wet grinders. Under this scheme 268 hostels will thus be covered in the coming year, at a cost of Rs.16.08 lakhs.

159. **50,000 houses will be built with concrete roofs for Scheduled Castes in 1995-96 at a total cost of Rs.105 crores.**

WELFARE OF BACKWARD CLASSES

160. The year 1994 will be remembered for the extraordinary efforts undertaken by the Hon'ble Chief Minister Puratchi Thalaivi Dr. J. Jayalalitha to secure social justice in the State. Hon'ble Members of the House may recall that this House enacted a historic legislation on 31st December, 1993 providing for a total reservation of 69 percent for the Backward, Most Backward Classes and Denotified Communities, Scheduled Castes and Scheduled Tribes in State Government services and in educational institutions. The Hon'ble Chief Minister Puratchi Thalaivi Dr. J. Jayalalitha led an all party delegation to New Delhi on 25th June, 1994 to secure the President's assent for this Bill. The President of India gave his assent on 19th July, 1994 and the Bill became an Act. **It was due to the untiring efforts of the Hon'ble Chief Minister Puratchi Thalaivi Dr. J. Jayalalitha that the Tamil Nadu Act 45 of 1994 was included in the Ninth Schedule of the Constitution by the Constitution (Seventy Sixth Amendment) Act 1994 enacted by the Parliament. The President of India gave his assent to the Constitution Amendment Bill on 31st August 1994.** More than anything else, this historic achievement has

paved the way to secure the all round development of the Backward Classes in Tamil Nadu.

161. The State continues to provide educational opportunities for Backward and Most Backward Class students through a widespread hostel network. **With a view to encouraging girls' education, 15 new girls hostels will be opened during 1995-96 at a total cost of Rs 31 lakhs.** A phased programme of construction of hostel buildings is also under way. During 1995-96, 12 new hostel buildings will be taken up for construction at a cost of Rs 69.94 lakhs, bringing the total number of constructed buildings to 155. **A major programme of improvements to schools and hostel buildings for Denotified Communities will be taken up at a total cost of Rs.80 lakhs.**

162. The Budget includes a provision of Rs 1 crore for provision of free house site pattas to Backward Classes. **6577 houses will be given free of cost in 1995-96 for the rural poor at a cost of Rs.13.81 crores.**

163. The Tamil Nadu Backward Classes and Minorities Economic Development Corporation has been revitalised. **The Corporation has effectively channelised loans worth Rs 4.26 crores to 28,918 beneficiaries.** It is expected that this lending programme will be further stepped **upto Rs.20 crores in 1995-96, assisting about 15,000 beneficiaries belonging to the Backward Classes, Most Backward Classes and Denotified Communities and 5,000 persons belonging to minorities including Christians.**

WELFARE OF WEAVERS

164. Hon'ble Members of the House are aware of the special efforts taken by the Hon'ble Chief Minister to alleviate the sufferings of the handloom weavers in the State who have been badly affected by the shortage and high prices of cotton yarn. At the instance of the Hon'ble Chief Minister, the Union Minister for Textiles has agreed to enhance the subsidy on hank yarn from Rs.15 to Rs.20 per kg. The Government of India has also agreed to consider banning the export of cotton and low counts of yarn.

165. This Government, as another measure to ensure the **availability of good yarn at reasonable prices to handloom weavers in the State, has set up TANSPIN, a new Co-operative Spinning Mills Federation.** This Federation will procure good quality cotton for the

18 co-operative spinning mills in the State. **Rs.25 crores has been provided as share capital assistance to this Federation.**

166. So far 8 lakh weavers, nearly 75 % of the total number of weavers in the State, have been brought under the cooperative fold. 1,12,899 weavers have been enlisted under the weavers savings and security scheme. The family pension scheme to provide Rs.250 per month has been made operational. **The scheme for providing worksheds-cum-houses to handloom weavers will be continued during 1995-96. A total number of 1,000 houses will be constructed during 1995-96 and the budget provides a outlay of Rs.1.90 crores for this purpose. The scheme for free supply of sarees and dhoties to 60 lakh women and 60 lakh men who are below poverty line will be continued in 1995-96. The Budget provides Rs. 60 crores for this scheme.**

167. **A scheme to set up 111 Handloom Development Centres and 18 quality dyeing units at a total cost of Rs.4.02 crores has just been started.** The Powerloom Registration Fund has been set up to provide better support and service to the powerloom centres. A sum of Rs.4.43 crores is available in this fund as on 31.12.94 which will be used to establish new powerloom service centres and to take up other programmes.

LABOUR WELFARE

168. I had mentioned in my last Budget Speech that the problem of restructuring and reorganisation of industry had arisen as a result of the new economic policy. I had also mentioned that this Government had sent proposals for assistance from the National Renewal Fund for implementing Voluntary Retirement Schemes in the State Public Sector. It is rather unfortunate that eventhough a year has elapsed, the Government of India has not sanctioned this scheme. **Proposals for assistance worth Rs.33.72 crore are pending with the Centre.** In fact it is understood that the National Renewal Fund has so far been used exclusively for workers in certain Central Undertakings, and has virtually become a Voluntary Retirement Scheme Fund for Central Public Sector Undertakings. This goes against the purpose of the National Renewal Fund. We call upon the Centre to sanction at least now the assistance sought from this fund, without which the whole concept lacks meaning.

169. The industrial relations situation in the State continues to be good. **The number of man-days lost due to strikes and lockouts was further brought down from 24.22 lakh man-days in 1993 to 14.72 lakh man-days in 1994.** This reduction is a testimony to the pragmatic approach of this Government in efficiently integrating the needs of industrial promotion and the rights of labour.

170. The drive to fix minimum wages for various categories of employment has been intensified. In 1994, minimum wages were fixed for the first time for the sea-food industry. The minimum wages were revised upwards in tailoring, handloom silk weaving, hospitals and nursing homes, handloom cotton weaving, tobacco (snuff) manufacturing, vessels manufacturing, autorickshaws and taxies, dhal and rice flour production and brick and tile manufacturing.

171. **The Tamil Nadu Manual Workers (Construction Workers) Welfare Scheme benefitting thousands of workers, mainly women in the construction industry, was brought into effect during 1994-95.** This scheme covers health care, accident relief and running of creches. A scheme for extending pensionary benefits and accident insurance to employees in the film industry will be implemented during 1995-96.

172. This Government has taken quick decisions to deal with the problem of child labour particularly in hazardous occupations. Elimination of child labour figures prominently in the Chief Minister's 15 Point Programme for Welfare of Children. A State Level Advisory Board and a State Level Authority have been created to give proper direction to this important programme. A detailed project for eliminating child labour in hazardous occupations in seven districts in the State has been formulated and forwarded to Government of India for financial assistance.

EMPLOYMENT

173. As Members are aware, the Government has been embarking on various innovative measures to enhance the growth of employment in the State. **The Jawahar Velai Vaippu Thittam (JVVT) will be implemented during 1995-96 with an outlay of Rs.311.64 crores.** This marks an increase of more than 40% over the outlay for 1994-95 which was Rs.220.59 crores. The intensified JVVT will be implemented with an outlay of Rs.32.55 crores. The Employment Assurance Scheme will be implemented with an outlay of Rs.45.80 crores during 1995-96. These

programmes will together generate **10.20 crore mandays of employment in 1995-96 which is a new record.**

174. The Rural Industries Sub-Plan continues to act as a powerful tool for provision of employment in rural areas. During 1994-95, 1.25 lakh persons were assisted. **In 1995-96, 1.35 lakh persons will be covered under this scheme.**

175. The scheme of distress relief to those families who lose their breadwinner will be continued in 1995-96. **50,000 families will be benefited under this scheme with a provision of Rs.5,000 per family.**

176. Under the Educated Volunteer Service Scheme, 1.5 lakh youth are being successfully mobilised and usefully deployed in non-formal education and prohibition propaganda. This novel initiative combines employment for educated youth with social mobilisation.

177. The Government's efforts on the employment front are bearing fruit. The total number of registered unemployed persons declined by 1.79 lakh persons between December 1993 and December 1994. In the same period, the number of educated unemployed was reduced by 0.92 lakhs.

178. The programme of computerising Employment Exchanges to provide error-free and efficient services to job-seekers and employers is being systematically implemented in this State. 16 Employment Exchanges have been computerised upto 1994-95 and **3 more will be computerized in 1995-96 viz. Erode, Salem and Tuticorin.** Employment exchanges are being increasingly utilised to provide purposeful career guidance to the youth of the State, particularly in rural areas. A pilot scheme under which in each district one Higher Secondary School with 200 students will be adopted for career guidance by the District Employment Offices has been started in 1994-95.

179. The World Bank aided Skill Development Project at a cost of Rs.21.74 crores is under implementation and will be completed during 1995-96. **31 ITIs are being modernised with replacement of old and obsolete machinery.** Equipment maintenance cells have been established in six ITIs under the control of a State level equipment maintenance workshop at Ambattur. 38 ITIs have been provided with audio visual aids to improve training. New trades have been introduced in 16 ITIs to keep pace with the progress of technology and the diversification of industry.

180. 5 new women's ITIs have been started to provide greater employment opportunities to the rural women. New short term courses in textile printing, garment manufacture and desk top publishing have been introduced to benefit women.

BENEFITS TO GOVERNMENT EMPLOYEES

181. This Government has always kept the welfare of Government employees in mind while undertaking several schemes to improve their conditions of service. The Government Employees' Health Fund Scheme which was introduced in June 1992 by this Government has been well received. There have been requests to increase the benefits under this scheme and also give special assistance for certain other types of surgeries. **Government has decided to increase the maximum amount of benefit from Rs. 50,000 to Rs.1 lakh or 75% of the cost of treatment whichever is less. An additional loan assistance of Rs. 1 lakh will be given when the treatment has to be taken abroad.** The Health Fund Scheme has been expanded to include brain surgery, hip replacement, spinal cord surgery etc.

182. At present Government employees with a basic pay of Rs.950/- and above per month alone are eligible to obtain conveyance advance for the purchase of mopeds. **We have decided to do away with this pay limit and make all regular Government employees in time scales with a minimum service of 6 years eligible to draw conveyance advance.**

183. We have decided to step up the marriage advance for the **daughter of a Government employee from Rs. 5,000 to Rs. 10,000 and in the case of the marriage of a son from Rs.3,000 to Rs.6, 000.**

184. The provision for House Building Advance has been stepped up from **Rs.39.05 crores in 1994-95 to Rs.50.20 crores in 1995-96.** The maximum limit for the House Building Advance which has been **Rs.2.50 lakhs since 1989 will be increased to Rs.4 lakhs.** Government has entered into agreements with Housing Development Finance Corporation, CANFIN HOMES and INDBANK HOUSING to make available an amount of Rs.25 crores to Government employees as House Building Advance. This amount will be fully disbursed in 1995-96.

185. Pensioners will also be brought under the Health Fund Scheme. **The maximum grant in the case of pensioners will be Rs. 50,000 or 75% of the cost of the specified surgery whichever is lower.** An annual

voluntary subscription of Rs.5 will be collected from the pensioners. The Government will make a matching contribution to this fund. This will cover 1.6 lakh pensioners. A Family Benefit Fund Scheme for pensioners is also being actively considered.

Madras,
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Thiruvalluvar Era 2026.

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